-26
-18
104

S. HRG. 104–869, VOL. XIX

MAJORITY DOCUMENT PRODUCTION

Y 4. B 22/3: S. HRG. 104-869/
V. 19
Majority Document Production, S. Hr...

HEARINGS

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE WHITEWATER DEVELOPMENT CORPORATION AND RELATED MATTERS

ADMINISTERED BY THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

VOLUME XIX

ON

DOCUMENT PRODUCTION IN RESPONSE TO S. RES. 120

Printed for the use of the Committee on Banking, Housing, and Urban Affairs

SUPERINTENDENT OF DOCUMENTS
DEPOSITORY
MAR 27 1998
BOSTON PUBLIC LIBRARY
GOVERNMENT DOCUMENTS DEPARTMENT

S. HRG. 104–869, VOL. XIX

MAJORITY DOCUMENT PRODUCTION

HEARINGS

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE WHITEWATER DEVELOPMENT CORPORATION AND RELATED MATTERS

ADMINISTERED BY THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

VOLUME XIX

ON

DOCUMENT PRODUCTION IN RESPONSE TO S. RES. 120

Printed for the use of the Committee on Banking, Housing, and Urban Affairs

U.S. GOVERNMENT PRINTING OFFICE

41–389 CC WASHINGTON : 1997

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-055601-5

SPECIAL COMMITTEE TO INVESTIGATE WHITEWATER DEVELOPMENT CORPORATION AND RELATED MATTERS

ALFONSE M. D'AMATO, New York, *Chairman*

RICHARD C. SHELBY, Alabama
CHRISTOPHER S. BOND, Missouri
CONNIE MACK, Florida
LAUCH FAIRCLOTH, North Carolina
ROBERT F. BENNETT, Utah
ROD GRAMS, Minnesota
PETE V. DOMENICI,* New Mexico
ORRIN G. HATCH, Utah
FRANK H. MURKOWSKI, Alaska

PAUL S. SARBANES, Maryland
CHRISTOPHER J. DODD, Connecticut
JOHN F. KERRY, Massachusetts
RICHARD H. BRYAN, Nevada
BARBARA BOXER, California
CAROL MOSELEY-BRAUN, Illinois
PATTY MURRAY, Washington
PAUL SIMON, Illinois

HOWARD A. MENELL, *Staff Director*
ROBERT J. GIUFFRA, JR., *Chief Counsel*
PHILIP E. BECHTEL, *Deputy Staff Director*
STEVEN B. HARRIS, *Democratic Staff Director and Chief Counsel*

MICHAEL CHERTOFF, *Special Counsel*
RICHARD BEN-VENISTE, *Democratic Special Counsel*
ALICE S. FISHER, *Deputy Special Counsel*
LOUIS J. GICALE, *Deputy Special Counsel*
EVERETT C. JOHNSON, JR., *Deputy Special Counsel*
JAMES B. COMEY, *Deputy Special Counsel*
NEAL E. KRAVITZ, *Democratic Principal Deputy Special Counsel*
LANCE COLE, *Democratic Deputy Special Counsel*

STEVEN BANKLER, *Investigative Accountant*
H. CHRISTOPHER BARTOLOMUCCI, *Associate Special Counsel*
GABRIEL BERG, *Democratic Legal Intern*
JULIUS J. BONAVOLANTA, *Special Investigator*
MARK J. BRENNER, *Assistant Special Counsel*
ROBERT H. BUCHANAN, *Staff Intern*
DAVID CARLE, *Democratic Press Secretary*
WILLIAM S. CASTLE, *Senior Investigator*
LORI A. CONLON, *Administrative Assistant*
VINCENZO A. DELEO, *Special Investigator*
VIET D. DINH, *Associate Special Counsel*
DOUGLAS A. EPSTEIN, *Democratic Counsel*
CHRISTOPHER FARRO, *Staff Intern*
STEVEN H. FROMEWICK, *Democratic Assistant Special Counsel*
SOPHIA HARDY, *Democratic Intern*
NGUYEN-HONG HOANG, *Democratic Legal Intern*
DAVID KAUFMAN, *Staff Intern*
DAVID M. LUNA, *Democratic Law Clerk*
JOSEPH MITCHELL, *Staff Intern*
TIMOTHY P. MITCHELL, *Democratic Professional Staff Member*
MICHAEL P. O'CALLAGHAN, *Associate Special Counsel*
RICHARD J. O'CONNELL, *Special Investigator*
JAMES S. PORTNOY, *Democratic Associate Special Counsel*
JAMES F. REDFERN, *Special Investigator*
ANDREW M. SCHAUER, *Democratic Assistant Special Counsel*
JENNIFER M. SWARTZ, *Senior Investigator*
MEGAN H. TINKER, *Senior Investigator*
AMY R. WENDT, *Democratic Staff Assistant*
JEFFREY H. WINTER, *Democratic Special Assistant*
STEPHANIE H. WOMACK, *Democratic Special Assistant*

---

*Appointed to replace Senator Bill Frist pursuant to S. Res. 184 (October 12, 1995).

PETER C. BARRETT, *Staff Assistant*
YAEL BELKIND, *Democratic Staff Assistant*
SLOAN DEERIN, *Staff Assistant*
MITCHELL FEUER, *Democratic Counsel*
EMILY L. FRYDRYCH, *Assistant to the Democratic Staff Director*
MARTIN J. GRUENBERG, *Democratic Senior Counsel*
MARK D. HOFFMAN, *Executive Assistant to the Staff Director*
GLENN IVEY, *Democratic Counsel*
JOSEPH A. JIAMPIETRO, *Counsel*
JOSEPH R. KOLINSKI, *Chief Clerk/Computer Systems Administrator*
ANDREW LOWENTHAL, *Democratic Professional Staff Member*
DORIS R. MAHONEY, *Executive Assistant*
CHARLES MARR, *Democratic Professional Staff Member*
E. RICHARD MILLS, *Press Secretary*
JOSEPH N. MONDELLO, JR., *Counsel*
PATRICK A. MULLOY, *Democratic Chief International Counsel*
DOUGLAS R. NAPPI, *Counsel*
LENDEL PORTERFIELD, *Financial Institutions Subcommittee Staff Director*
AMY C. RANDEL, *Democratic Staff Assistant*
SARAH BLOOM RASKIN, *Democratic Counsel*
MADELYN SIMMONS, *Professional Staff Member*
PAUL WEECH, *Professional Staff Member*

EDWARD M. MALAN, *Editor*
GEORGE E. WHITTLE, *Editor*
IRENE C. WHISTON, *GPO Editorial Assistant*
DONNA LEE KRAUSE, *GPO Editorial Assistant*

CONTENTS

VOLUME XIX

(Endnote materials not contained in these volumes can be found in previously published materials of the Committee—Hearings, Reports, or Depositions.) (Hearing citations are based on court reporters original transcripts.)

FOSTER PHASE

ENDNOTES FROM PAGES 1–118

Endnote		*Page*
(3)	S. Res. 120	1
(4)	*Watkins* v. *United States,* 354 U.S. 178, 194–195 (1957); *McGrain* v. *Daugherty,* 272 U.S. 135 (1927).	26
(7)	Williams & Connolly Document DKSN 000518	69
(11)	Vinson & Elkins Document RS 237A	70
(14)	The Model Rules of Professional Conduct, Rule 3.4(a); 18 U.S.C. § 1510.	71
	ABC, "20/20," January 12, 1996, Hillary Clinton Speaks Out	81
(40)	White House Document S 012334	100
(43)	White House Document S 009210	101
(46)	Williams & Connolly Document DKSN 000516	102
(47)	GOP Says Thomason May Have Broken Law, The Washington Times, July 9, 1993, p. A1, Paul Bedard, produced to the Special Committee as White House Document F 000274.	103
(50)	House Document CGE 12287	106
(52)	DOJ Document 006675	107
(60)	White House Document Z 001214	108
(71)	White House Document Z 000354	109
(73)	White House Documents Z 001109, 001123, 001110–001117	110
(75)	White House Document Z 001213	120
(79)	Williams & Connolly Document 001	121
(83)	Bell Atlantic Document [not numbered]	122
(87)	White House Document Z 000647	131
(90)	Willkie Farr & Gallagher Document ST 000001–000006	132
(92)	White House Document Z 001243	138
(100)	DOJ Document GRO 0466	139
(101)	White House Document S 020921	140
(107)	White House Plays Down Suicide Probe, The Washington Times, July 23, 1993, p. A7, Frank J. Murray. White House Aide Leaves No Clue About Suicide, The New York Times, July 22, 1993, p. A1, Thomas L. Friedman. Clinton Finds No Explanation To Aide's Death; Probe Continuing On Apparent Suicide, The Washington Post, July 23, 1993, p. A4, Ann Devroy. Clintons Mystified By Aide's Death; Staff Shaken by Apparent Suicide, The Washington Post, July 22, 1993, p. A1, Ruth Marcus, Ann Devroy.	141

Endnote		*Page*
(110)	DOJ Document F 000166	153
(117)	White House Asked Aid of FBI in Dismissals, The New York Times, May 25, 1993, p. A18, Thomas L. Friedman.	154
(126)	DOJ Document OIC 000417–000418	213
(137)	Williams & Connolly, Privileged Log, June 20, 1995, Various Files in Vincent Foster's Office at the Time of His Death.	215
(148)	See endnote 137.	
(151)	See endnote 137.	
(157)	The Clintons May Owe Tax of $82,989 on Whitewater, Money, October 1995, p. 22, Teresa Tritch.	236
(158)	Hearing Puts Focus on Rose Law Practice; Conflict-of-Interest Cases Cited by GOP, The Washington Post, August 11, 1995, p. A1, Susan Schmidt.	238
(160)	Willkie Farr & Gallagher Document ST 000032	241
(165)	Lyons Document JML 140	242
(168)	Williams & Connolly Document DKSN 000481	243
(169)	Document DKSN 000482 [Redacted]	244
(180)	Williams & Connolly Document DKSN 000514	245
(181)	Documents Show Clintons Got Vast Benefit From Their Partner in Whitewater Deal, The New York Times, July 16, 1995, Section 1, p. 18, Jeff Gerth and Stephen Engelberg.	246
(182)	Williams & Connolly Document DKSN 000515	250
(185)	Williams & Connolly Document DKSN 000519	251
(186)	James Blair Document 0000185; Letter from Yoly Redden to Vince Foster, April 12, 1993.	252
(195)	White House Documents F 003158–003261	253
(196)	Williams & Connolly Documents DKSN 000178–000179	358
(199)	Williams & Connolly Documents DKSN 000180–000181	360
(201)	Short Seller Boosted First Lady's Portfolio, USA Today, June 18, 1993, p. 4B, Dan Dorfin.	362
(204)	Williams & Connolly Document DKSN 000077	366
(205)	Investment Fund for Hillary Clinton Sold Short Several Health Care Stocks, The Wall Street Journal, May 13, 1993, p. A12, Fred R. Bleakley.	367
(207)	First Lady or Top Government Official? The Houston Chronicle, August 17, 1993, p. 12, William Safire.	369
(209)	997 F.2d 898 (D.C. Cir. 1993)	372
(217)	White House Document Z 001217	394
(219)	U.S. Park Police Document 52	395
(235)	The Distant Drum of C. Boyden Gray, The Washington Post, March 31, 1989, p. D1, Philip Combs.	396
(237)	An All-Star New York Lawyer Disputes the Idea That He's Become a White House Bumbler, The New York Times, June 11, 1993, p. A26, David Margolick.	405
(239)	Text of Resignation Letter and Clinton's Reply, The New York Times, March 6, 1994, p. 23.	407
(240)	Nussbaum Defends Conduct as Counsel, The New Jersey Law Journal, December 5, 1994, p. 23, Bernard Nussbaum.	409
(248)	Letter from Jane Sherburne, Special Counsel to the President, to Robert Giuffra, Chief Counsel, Special Whitewate Committee, August 6, 1995.	418
(249)	See endnote 73.	
(259)	Letter from Jane Sherburne, Special Counsel to the President, to Robert Giuffra, Chief Counsel, Special Whitewate Committee, September 1, 1995.	422
(264)	Swidler & Berlin Document [not numbered]	424
(265)	White House Documents Z 000364–000379	431
(266)	White House Documents Z 000340–000355	447
(337)	Department of the Interior Document 111	463

Endnote		*Page*
(347)	White House Document Z 000139	464
(352)	Transcript of White House Press Briefing with Press Secretary Dee Dee Myers, U.S. Newswire, August 2, 1993.	465
(376)	White House Document S 020913	483
(389)	Letter from Jane Sherburne, Special Counsel to the President, to Robert Giuffra, Chief Counsel, Special Whitewate Committee, September 30, 1995.	484
(391)	Letter from Jane Sherburne, Special Counsel to the President, to Robert Giuffra, Chief Counsel, Special Whitewate Committee, October 13, 1995.	485
(395)	Letter from Jane Sherburne, Special Counsel to the President, to Viet D. Dinh, Associate Special Counsel, February 27, 1996.	486
(400)	White House Document Z 000140	488
(411)	White House Document Z 000651	489
(415)	Treasury Department Document 6495	490
(441)	White House Document Z 000598	491
(468)	White House Document Z 000450	492
(532)	DOJ Document FBI 00000129	493
(535)	DOJ Document F 00000149	494
(549)	U.S. Park Police Document 30	495
(550)	U.S. Park Police Document 31	496
(551)	U.S. Park Police Document 32	497
(554)	U.S. Park Police Document 33	498
(633)	U.S. Park Police Document 36	499
(643)	U.S. Park Police Document 37	500
(655)	U.S. Park Police Document 37	501
(657)	DOJ Document F 000150	502
(674)	White House Documents Z 001210–001211	503
(714)	White House Document Z 000107	506
(715)	White House Document Z 000578	507
(719)	White House Document Z 000851	508
(720)	White House Document Z 000953	509
(770)	White House Document S 020915	510
(784)	DOJ Document F 000163	511
(796)	U.S. Park Police Document 43	512
(797)	U.S. Park Police Document 68	513
(808)	White House Documents Z 001206, 001208	514
(835)	FBI Documents FBI 00000018–00000044	516
(839)	White House Document S 020562	540
(841)	White House Document Z 001148	541
(852)	Huber, August 3, 1995, Hearing, pp. 18–19	542
(857)	Letter from Jane Sherburne, Special Counsel to the President, to Robert Giuffra, Chief Counsel, Special Whitewate Committee, February 12, 1996.	544
(858)	White House Document S 020927	545
(864)	White House Document S 012482	546
(870)	White House Document S 020935	547
(874)	Willkie Farr & Gallagher Document ST 0000125	548
(878)	Willkie Farr & Gallagher Document ST 0000120	549
(880)	Willkie Farr & Gallagher Document ST 0000126	550
(881)	Willkie Farr & Gallagher Document ST 0000123	551
(882)	Willkie Farr & Gallagher Document ST 0000131	552
(887)	Willkie Farr & Gallagher Document ST 0000128	553
(934)	Document FBI 00000009	554
(942)	House Document CGEPR 0563	555
(1107)	See endnote 864.	

WASHINGTON PHASE

ENDNOTES FROM PAGES 137–264 OF THE FINAL REPORT

Endnote		*Page*
(1)	White House Document S 12517	556
(2)	O'Melveny & Myers Document CCBW-884	557
(3)	Williams & Connolly Documents DKSN 001168–001169	558
(4)	Williams & Connolly Document DKSN 013309	560
(5)	RTC Documents FDIC/HRC 162–163	561
(6)	Denton, June 11, 1996, FDIC/OIG Interview, pp. 2–3	563
(23)	RTC Document TH 705	569
(43)	DOJ Document TTK–157	570
(45)	White House Document S 020567	571
(46)	White House Document S 020566; Gearan, February 15, 1996, Hearing, p. 15.	572
(55)	White House Documents S 020760–020761	573
(57)	White House Document S 020576	575
(81)	DOJ Documents A7049–7050; Banks, Deposition, p. 91	576
(84)	DOJ Document FBI 00001545	578
(85)	DOJ Document 014277	579
(87)	Casey, House Deposition, p. 112	580
(88)	DOJ Document 16848	582
(99)	White House Document, Cover Letter, January 29, 1996	583
(102)	White House Document, Cover Letter, February 20, 1996	584
(103)	Letter from Allen Snyder to Robert Giuffra, Chief Counsel, Special Whitewate Committee, March 1, 1996, p. 1.	586
(108)	White House Documents S 9908–9911	588
(112)	White House, Remarks by the President in Appointment of Lloyd Cutler for Special Counsel to the President, March 8, 1994.	592
(117)	Williams & Connolly Documents DKSN 028928–029043	595
(118)	Text of First Lady Hillary Rodham Clinton's News Conference in the State Dining Room of the White House, Associated Press, April 22, 1994.	711
(131)	RTC Document SINNTR 00100; RTC Supplemental Interrogatories, January 20, 1996.	715
(132)	Clark, June 10, 1996, FDIC/OIG Interview, p. 9	732
(136)	RTC Documents SEN 32912–32913	733
(138)	Denton Document 000000241	735
(145)	Letter from Senators Alfonse D'Amato, Richard Shelby, Christopher Bond, Connie Mack, Lauch Faircloth, Robert Bennett, Rod Grams, Pete Domenici, Orrin Hatch, and Frank Murkowski to David Kendall, June 13, 1996.	736
(146)	Affidavit of Hillary Rodham Clinton, June 17, 1996, p. 2	740
(148)	Letter from Alston Jennings to Viet D. Dinh, Associate Special Counsel, Special Whitewate Committee, February 7, 1996, Attachment.	742
(151)	Vinson & Elkins Document RS 237A	745
(207)	DOJ Document 007763–007765	746
(216)	OIC Document; January 31, 1996 (February 17, 1994, Hale Indictment).	749
(220)	Clintons Joined S&L Operator in an Ozark Real-Estate Venture, The New York Times, March 8, 1992, p. A1, Jeff Gerth.	756
(235)	RTC Document PLS 0016S–0035S; Lewis, November 29, 1995, Hearing, p. 10.	760
(237)	DOJ Document JDA 000200	781
(259)	DOJ Document [not numbered]; October 27, 1993, Letter from Paula Casey to Jean Lewis declining to take action on referral.	782
(274)	DOJ Document 7214	783

Endnote		*Page*
(275)	DOJ Document 017458	784
(276)	FBI Documents 00000986–00000996	785
(280)	FBI Document 00001031; Kendrick, October 30, 1995, Deposition, p. 16.	796
(284)	FBI Documents 00001031, 523–525; Kendrick, October 30, 1995, Deposition, pp. 18–19.	797
(286)	DOJ Documents 7051–7052	800
(288)	FBI Document 00000527	802
(293)	DOJ Documents 6671–6672	803
(294)	DOJ Document 00001484; Frazier, October 12, 1995, Deposition, p. 15.	805
(295)	McDowell, September 15, 1995, House Deposition, pp. 18–19	806
(296)	DOJ Documents 7041–7045	809
(297)	DOJ Document 7039	814
(303)	DOJ Document 000030	815
(304)	DOJ Document 000031	816
(320)	RTC Document PLS 0050S (RTC Referral #730CR0192); RTC Document PLS 0081S (RTC Referral #730CR0196).	817
(323)	RTC Document PLS 0048S	819
(325)	RTC Document PLS 0049S	820
(331)	RTC Documents PLS 0069S–0072S	821
(332)	RTC Documents PLS 0073S–0075S	825
(335)	RTC Document PLS 0077S	828
(347)	*United States* v. *James B. McDougal, Jim Guy Tucker and Susan H. McDougal*, No. LR–CR–95–173 (E.D. Ark).	829
(348)	Clinton Partners in Arkansas Deal Convicted by Jury, The New York Times, May 29, 1996, p. A1, Stephen Labaton; Three Defendants in Whitewater Case are Found Guilty on Fraud Charges, The Wall Street Journal, May 29, 1996, p. A3, Glenn R. Simpson.	834
(349)	OIC Document [not numbered]; August 17, 1995, Grand Jury Indictment of James B. McDougal, Jim Guy Tucker and Susan H. McDougal.	840
(351)	Three Guilty in Arkansas Fraud Trial, The Washington Post, May 27, 1996, p. A1, R.H. Melton and Michael Haddigan.	888
(360)	RTC Document PLS 0013S	892
(381)	RTC Document RI 0204	905
(384)	Breslaw, June 6, 1995, House Deposition, p. 32	906
(409)	RTC Document AT 0128	907
(410)	RTC Documents EK 5867–5870	908
(418)	RTC Document MG 0472	912
(426)	RTC Documents RI 0003, 0012, 0017; Lewis, November 29, 1995, Hearing, pp. 26–27; Iorio, October 20, 1995, Deposition, pp. 126–128.	913
(446)	Foren Document [not numbered]; October 26, 1995, Deposition, p. 13.	916
(470)	DOJ Document GAC 2706; Foren, October 26, 1995, Deposition, p. 42.	920
(474)	Foren Document [not numbered]; October 26, 1995	921
(478)	David Hale's Plea Agreement, March 19, 1994	923
(481)	Casey, September 28, 1995, House Deposition, pp. 5–6	957
(482)	Casey, September 28, 1995, House Deposition, p. 45	960
(515)	DOJ Documents 007640–007641	961
(532)	DOJ Documents 007719–007727	963
(533)	DOJ Documents 004660–004662	972
(557)	DOJ Document 007637	975
(561)	DOJ Document 007811	976
(562)	See footnote 532.	
(564)	DOJ Documents FBI 00001545, 00001287	977

Endnote		*Page*
(237)	Mercantile Bank Document D173; the McDougals never provided a financial statement for this renewal, and in December 1987, 1st Ozark waived the requirement for them.	1320
(239)	809 F.2d. 266 (5th Cir., 1987)	1321
(241)	Wright, Lindsey & Jennings Documents JRTS 00010, 00012, and 00494; Hartsfield, May 7, 1996, Deposition, pp. 69–70.	1325
(242)	Wright, Lindsey & Jennings Documents JRTS 00002, 00012, 00142–00143, 00491, 00496–00497, and 00593; Penick, May 3, 1996, Deposition, pp. 73–79.	1330
(243)	Wright, Lindsey & Jennings Documents JRTS 00204–00205	1337
(244)	Wright, Lindsey & Jennings Documents JRTS 00118–000120	1339
(249)	Mercantile Bank Document D163	1342
(251)	Mercantile Bank Documents D186–187	1343
(252)	Wright, Lindsey & Jennings Document JRTS 00382	1345
(254)	Wright, Lindsey & Jennings Document JRTS 00195	1347
(261)	Mercantile Bank Document D184	1348
(263)	The 1992 Campaign: Personal Finances; Clintons Joined S&L Operator in an Ozark Real Estate Venture, The New York Times, March 8, 1992, p. A1, Jeff Gerth.	1349
(267)	Keker & Van Ness Document LML103; Blair, February 19, 1996, Deposition, p. 25.	1353
(273)	RTC Document S–MG 00085	1355
(299)	Haddon Morgan & Foreman Document LP 01155	1356
(316)	Lyons Documents JML 077–078	1357
(320)	Lyons Document JML 140	1359
(326)	Lyons Documents JML 2584–2585	1360
(328)	Haddon Morgan & Foreman Document LP 00014	1362
(330)	Williams & Connolly Document DKSN 000482; Hearings before the Special Committee to Investigate Whitewater Development Corporation and Related Matters, administered by the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, on the Inquire into Whether Improper Conduct Occurred Regarding the Way in which White House Officials Handled Documents in the Office of White House Deputy Counsel Vincent W. Foster, Jr. Following His Death, 104th Congress, 1st Session, July 18–August 10, 1995 [hereinafter "S.Hrg."]; August 8, 1995 p. 28.	1364
(344)	Williams & Connolly Document DKSN 000514	1366
(346)	Williams & Connolly Document DKSN 000515	1367
(349)	Williams & Connolly Document DKSN 000519	1368
(365)	Haddon Morgan & Foreman Document LP 01547	1369
(369)	RTC Documents DKRT 800001–800020	1370
(370)	Haddon Morgan & Foreman Document LP 00682	1388
(371)	Haddon Morgan & Foreman Document 133–00000518–531	1389
(378)	RTC Document DKRT 8000533	1403
(381)	Haddon Morgan & Foreman Documents LP 00673–00689	1404
(385)	Letter from David Kendall to James A. Leach, May 24, 1996, forwarding a report entitled "Review of Clinton Tax Adjustments Proposed by the House Committee on Banking and Financial Services," p. 8 (hereinafter the "Kendall Report").	1421
(393)	RTC Document DKRT 900145	1424
(395)	RTC Document DKRT 900155	1425
(397)	RTC Document BCV 0004	1426
(398)	RTC Document DKRT 900968	1427
(399)	RTC Document DKRT 901077	1428
(401)	*Lash* v. *Commissioner,* T.C. Memo, 1956–1987 p. 11, "amounts expended by Bristol for petitioner's benefit would constitute income to him . . .".	1429

Endnote		*Page*
(402)	Internal Revenue Code § 108(e)(4)(A)	1430
(403)	Haddon Morgan & Foreman Document LP 00106	1431
(408)	Williams & Connolly Document DKSN 021879; Bank of Cherry Valley Note, dated April 13, 1981; RTC Document [not numbered]; Bank of Cherry Valley Note, dated December 9, 1982, with James McDougal as maker, signed only by James McDougal; Bank of Cherry Valley Note, dated June 9, 1984, with James McDougal as maker, signed only by James McDougal; Bank of Cherry Valley Note, dated December 3, 1984, with James McDougal as maker, signed only by James McDougal.	1432
(410)	RTC Document DKRT 100500	1433
(412)	RTC Document CBF 0280	1434
(413)	Hogan & Hartson Document BL 011114	1435
(416)	Haddon Morgan & Foreman Document LP 02928	1436
(420)	RTC Document DKRT 400989	1437
(422)	Haddon Morgan & Foreman Documents LP 01981–01982	1438
(423)	Haddon Morgan & Foreman Document LP 02018	1440
(426)	Haddon Morgan & Foreman Document LP 00109	1441
(428)	The Whitewater Papers Cast Doubt on Clinton Account of a Tax Underpayment, The New York Times, August 6, 1995, p. 20, Gerth and Labaton.	1442
(430)	Haddon Morgan & Foreman Document LP 00528	1446
(431)	Haddon Morgan & Foreman Document LP 00790	1447
(432)	Hogan & Hartson Document BL 011121	1448
(433)	Haddon Morgan & Foreman Document LP 00858	1449
(437)	RTC Documents DKRT 101031–101035, 101043–101044	1450
(438)	Haddon Morgan & Foreman Document LP 00866	1457
(439)	*DeVere* v. *Commissioner*, 35 T.C.M. 28 (1976); *Anderson* v. *Commissioner*, 33 T.C.M. 234 (1974), *aff'd. per curiam*, 527 F.2d 198 (9th Cir., 1975).	1458
(440)	*Cornelia C.F. Horsford* v. *Commissioner*, 2 T.C. 826 (1943); *Estate of Movius*, 22 T.C. 391 (1954); *Steinert* v. *Commissioner*, 33 T.C. 447 (1959).	1469
(458)	Hogan & Hartson Document BL 010705	1480
(466)	Denton, March 18, 1996, McDougal Trial Testimony, p. 1025	1481
(478)	O'Melveny & Myers Documents CCBW-885–887	1482
(495)	Williams & Connolly Document DKSN 013309	1485
(498)	Williams & Connolly Documents DKSN 001168–001169	1486
(518)	Arkansas State Building Services Document [not numbered]; February 13, 1996.	1488
(521)	Arkansas State Building Services Document [not numbered]; February 13, 1996.	1493
(528)	Williams & Connolly Document DKSN 001259; April 24, 1995, Pillsbury Report, p. 102.	1499
(536)	O'Melveny & Myers Document CCBW-0017	1500
(553)	RTC Document D–2	1501
(560)	RTC Documents E–1, D–1	1502
(562)	RTC Document E–8	1504
(580)	House Document Fundraiser 18	1505
(594)	Rule 4.1(a) of the Arkansas Rule of Professional Conduct	1508
(598)	RTC Document PLS 03127	1510
(600)	Vinson & Elkins Documents RLF 02932–02934	1511
(608)	Williams & Connolly Document DKSN 029016; RTC Documents RS 000941–0009444.	1514
(622)	Williams & Connolly Document DKSN 018008	1518
(625)	O'Melveny & Myers Documents CCBW-0017, 0019, 0022; House Document Fundraiser 14.	1519
(629)	Williams & Connolly Document DKSN 013371	1523

Endnote		*Page*
(638)	Williams & Connolly Documents DKSN 024856–024859	1524
(642)	RTC Documents MG 000555–000556	1528
(650)	FDIC Documents S-KCR03152–03153	1530
(661)	Dobbins Document [not numbered]; December 5, 1995	1532
(663)	Dobbins Document [not numbered]; December 5, 1995	1533
(664)	Dobbins Document [not numbered]; December 5, 1995	1535
(666)	Dobbins Document [not numbered]; December 5, 1995	1537
(667)	Dobbins Document [not numbered]; December 5, 1995	1538
(669)	House Document QPQ4	1539
(670)	House Document QPQ5	1541
(671)	House Document QPQ6	1542
(672)	RTC Document DKRT 800620A	1546
(673)	McDougal Complaint Prompted Then-Governor Clinton to Convene Meeting, Associated Press, October 3, 1994, Pete Yost.	1547
(678)	Williams & Connolly Documents DKSN 013314–013315	1549
(692)	Williams & Connolly Document DKSN 026297	1551
(693)	Williams & Connolly Document DKSN 026305	1552
(695)	Sidley & Austin Documents 0000637–0000638	1553
(726)	Vinson & Elkins Document RLF1 03186	1555
(747)	RTC Document SEN 33127	1556
(767)	RTC Document SEN 34712	1557
(769)	RTC Document SEN 22896	1558
(781)	RTC Documents SEN 32911–32913	1559
(784)	RTC Documents SEN 33125, 33195	1562
(786)	RTC Documents SEN 32838–32840, 32860–32865	1564
(791)	RTC Document SEN 33043	1573
(793)	RTC Documents SEN 30383–30384, 33094–33096	1574
(798)	RTC Documents SW1-063–068	1579
(799)	RTC Documents SEN 33006–33007	1585
(842)	McDougal Trial Transcript, May 7, 1996, p. 7016	1587
(843)	American Broadcasting Company, "Nightline," Transcript #3832, January 30, 1996.	1588
(893)	DOJ Document FBI 00003588	1597
(896)	Williams & Connolly Documents DKSN 017642–017643	1598
(902)	Judgment and Probation/Commitment Order LR–CR–86–158 (1), December 18, 1986.	1600
(927)	Williams & Connolly Document DKSN 026466	1602
(929)	Williams & Connolly Documents DKSN 026479, 027455–027457, 027573–027574.	1603
(935)	Williams & Connolly Documents DKSN 027472, 027490	1609
(936)	Williams & Connolly Document DKSN 027473	1611
(937)	Williams & Connolly Documents DKSN 026171–026172; Stout, May 1, 1996, Hearing, p. 186; Chandler, May 1, 1996, Hearing, p. 190.	1612
(957)	Williams & Connolly Document DKSN 027286	1614
(970)	Williams & Connolly Documents DKSN 018193–018199	1615
(972)	Williams & Connolly Documents DKSN 027189–027191	1622
(1028)	Letter from the Office of the Independent Counsel to Robert J. Giuffra, Jr. and Neal E. Kravitz, December 4, 1995.	1625
(1034)	Letter from John A. Mintz to Senators D'Amato and Sarbanes, June 6, 1996.	1627
(1036)	Hale, April 1, 1996, McDougal Trial Transcript, p. 3052	1629
(1052)	Hale, April 1, 1996, McDougal Trial Transcript, p. 3221	1630
(1064)	Hale, April 3, 1996, McDougal Trial Transcript, p. 3375	1631
(1076)	Palmer, March 26, 1996, McDougal Trial Transcript, p. 2178	1632
(1084)	Patkus, May 3, 1996, McDougal Trial Transcript, p. 6781	1633
(1093)	James B. McDougal, May 8, 1996, McDougal-Tucker Trial Transcript, p. 7327.	1634

104TH CONGRESS
1ST SESSION

S. RES. 120

Establishing a special committee administered by the Committee on Banking, Housing, and Urban Affairs to conduct an investigation involving Whitewater Development Corporation, Madison Guaranty Savings and Loan Association, Capital Management Services, Inc., the Arkansas Development Finance Authority, and other related matters.

IN THE SENATE OF THE UNITED STATES

MAY 17 (legislative day, MAY 15), 1995

Mr. D'AMATO (for himself and Mr. DOLE) submitted the following resolution; which was considered and agreed to

---

RESOLUTION

Establishing a special committee administered by the Committee on Banking, Housing, and Urban Affairs to conduct an investigation involving Whitewater Development Corporation, Madison Guaranty Savings and Loan Association, Capital Management Services, Inc., the Arkansas Development Finance Authority, and other related matters.

Resolved,

SECTION 1. ESTABLISHMENT OF SPECIAL COMMITTEE.

(a) ESTABLISHMENT.—There is established a special committee administered by the Committee on Banking, Housing, and Urban Affairs to be known as the "Special

2

Committee to Investigate Whitewater Development Corporation and Related Matters" (hereafter in this resolution referred to as the "special committee").

(b) PURPOSES.—The purposes of the special committee are—

(1) to conduct an investigation and public hearings into, and study of, whether improper conduct occurred regarding the way in which White House officials handled documents in the office of White House Deputy Counsel Vincent Foster following his death;

(2) to conduct an investigation and public hearings into, and study of, the following matters developed during, or arising out of, the investigation and public hearings concluded by the Committee on Banking, Housing, and Urban Affairs prior to the adoption of this resolution—

(A) whether any person has improperly handled confidential Resolution Trust Corporation (hereafter in this resolution referred to as the "RTC") information relating to Madison Guaranty Savings and Loan Association or Whitewater Development Corporation, including whether any person has improperly commu-

3

nicated such information to individuals referenced therein;

(B) whether the White House has engaged in improper contacts with any other agency or department in the Government with regard to confidential RTC information relating to Madison Guaranty Savings and Loan Association or Whitewater Development Corporation;

(C) whether the Department of Justice has improperly handled RTC criminal referrals relating to Madison Guaranty Savings and Loan Association or Whitewater Development Corporation;

(D) whether RTC employees have been improperly importuned, prevented, restrained, or deterred in conducting investigations or making enforcement recommendations relating to Madison Guaranty Savings and Loan Association or Whitewater Development Corporation; and

(E) whether the report issued by the Office of Government Ethics on July 31, 1994, or related transcripts of deposition testimony—

(i) were improperly released to White House officials or others prior to their testimony before the Committee on Banking,

4

Housing, and Urban Affairs pursuant to Senate Resolution 229 (103d Congress); or

(ii) were used to communicate to White House officials or to others confidential RTC information relating to Madison Guaranty Savings and Loan Association or Whitewater Development Corporation;

(3) to conduct an investigation and public hearings into, and study of, all matters that have any tendency to reveal the full facts about—

(A) the operations, solvency, and regulation of Madison Guaranty Savings and Loan Association, and any subsidiary, affiliate, or other entity owned or controlled by Madison Guaranty Savings and Loan Association;

(B) the activities, investments, and tax liability of Whitewater Development Corporation and, as related to Whitewater Development Corporation, of its officers, directors, and shareholders;

(C) the policies and practices of the RTC and the Federal banking agencies (as that term is defined in section 3 of the Federal Deposit Insurance Act) regarding the legal representa-

tion of such agencies with respect to Madison Guaranty Savings and Loan Association;

(D) the handling by the RTC, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the Federal Savings and Loan Insurance Corporation of civil or administrative actions against parties regarding Madison Guaranty Savings and Loan Association;

(E) the sources of funding and the lending practices of Capital Management Services, Inc., and its supervision and regulation by the Small Business Administration, including any alleged diversion of funds to Whitewater Development Corporation;

(F) the bond underwriting contracts between Arkansas Development Finance Authority and Lasater & Company; and

(G) the lending activities of Perry County Bank, Perryville, Arkansas, in connection with the 1990 Arkansas gubernatorial election;

(4) to make such findings of fact as are warranted and appropriate;

(5) to make such recommendations, including recommendations for legislative, administrative, or

other actions, as the special committee may determine to be necessary or desirable; and

(6) to fulfill the constitutional oversight and informational functions of the Congress with respect to the matters described in this section.

SEC. 2. MEMBERSHIP AND ORGANIZATION OF THE SPECIAL COMMITTEE.

(a) MEMBERSHIP.—

(1) IN GENERAL.—The special committee shall consist of—

(A) the members of the Committee on Banking, Housing, and Urban Affairs; and

(B) the chairman and ranking member of the Committee on the Judiciary, or their designees from the Committee on the Judiciary.

(2) SENATE RULE XXV.—For the purpose of paragraph 4 of rule XXV of the Standing Rules of the Senate, service of a Senator as the chairman or other member of the special committee shall not be taken into account.

(b) ORGANIZATION OF SPECIAL COMMITTEE.—

(1) CHAIRMAN.—The chairman of the Committee on Banking, Housing, and Urban Affairs shall serve as the chairman of the special committee

(hereafter in this resolution referred to as the "chairman").

(2) RANKING MEMBER.—The ranking member of the Committee on Banking, Housing, and Urban Affairs shall serve as the ranking member of the special committee (hereafter in this resolution referred to as the "ranking member").

(3) QUORUM.—A majority of the members of the special committee shall constitute a quorum for the purpose of reporting a matter or recommendation to the Senate. A majority of the members of the special committee, or one-third of the members of the special committee if at least one member of the minority party is present, shall constitute a quorum for the conduct of other business. One member of the special committee shall constitute a quorum for the purpose of taking testimony.

(c) RULES AND PROCEDURES.—Except as otherwise specifically provided in this resolution, the special committee's investigation, study, and hearings shall be governed by the Standing Rules of the Senate and the Rules of Procedure of the Committee on Banking, Housing, and Urban Affairs. The special committee may adopt additional rules or procedures not inconsistent with this resolution or the Standing Rules of the Senate if the chairman and ranking

8

member agree that such additional rules or procedures are necessary to enable the special committee to conduct the investigation, study, and hearings authorized by this resolution. Any such additional rules and procedures shall become effective upon publication in the Congressional Record.

SEC. 3. STAFF OF THE SPECIAL COMMITTEE.

(a) APPOINTMENTS.—To assist the special committee in the investigation, study, and hearings authorized by this resolution, the chairman and the ranking member each may appoint special committee staff, including consultants.

(b) ASSISTANCE FROM THE SENATE LEGAL COUNSEL.—To assist the special committee in the investigation, study, and hearings authorized by this resolution, the Senate Legal Counsel and the Deputy Senate Legal Counsel shall work with and under the jurisdiction and authority of the special committee.

(c) ASSISTANCE FROM THE COMPTROLLER GENERAL.—The Comptroller General of the United States is requested to provide from the General Accounting Office whatever personnel or other appropriate assistance as may be required by the special committee, or by the chairman or the ranking member.

9

SEC. 4. PUBLIC ACTIVITIES OF THE SPECIAL COMMITTEE.

(a) IN GENERAL.—Consistent with the rights of persons subject to investigation and inquiry, the special committee shall make every effort to fulfill the right of the public and the Congress to know the essential facts and implications of the activities of officials of the United States Government and other persons and entities with respect to the matters under investigation and study, as described in section 1.

(b) DUTIES.—In furtherance of the right of the public and the Congress to know, the special committee—

(1) shall hold, as the chairman (in consultation with the ranking member) considers appropriate and in accordance with paragraph 5(b) of rule XXVI of the Standing Rules of the Senate, hearings on specific subjects, subject to consultation and coordination with the independent counsel appointed pursuant to chapter 40 of title 28, United States Code, in Division No. 94–1 (D.C. Cir. August 5, 1994) (hereafter in this resolution referred to as "the independent counsel");

(2) may make interim reports to the Senate as it considers appropriate; and

(3) shall make a final comprehensive public report to the Senate which contains—

10

(A) a description of all relevant factual determinations; and

(B) recommendations for legislation, if necessary.

SEC. 5. POWERS OF THE SPECIAL COMMITTEE.

(a) IN GENERAL.—The special committee shall do everything necessary and appropriate under the laws and the Constitution of the United States to conduct the investigation, study, and hearings authorized by section 1.

(b) EXERCISE OF AUTHORITY.—The special committee may exercise all of the powers and responsibilities of a committee under rule XXVI of the Standing Rules of the Senate and section 705 of the Ethics in Government Act of 1978, including the following:

(1) SUBPOENA POWERS.—To issue subpoenas or orders for the attendance of witnesses or for the production of documentary or physical evidence before the special committee. A subpoena or order may be authorized by the special committee or by the chairman with the agreement of the ranking member, and may be issued by the chairman or any other member of the special committee designated by the chairman, and may be served by any person designated by the chairman or the authorized member anywhere within or outside of the borders of the

United States to the full extent permitted by law. The chairman, or any other member of the special committee, is authorized to administer oaths to any witnesses appearing before the special committee. If a return on a subpoena or order for the production of documentary or physical evidence is incomplete or accompanied by an objection, the chairman (in consultation with the ranking member) may convene a meeting or hearing to determine the adequacy of the return and to rule on the objection. At a meeting or hearing on such a return, one member of the special committee shall constitute a quorum. The special committee shall not initiate procedures leading to civil or criminal enforcement of a subpoena unless the person or entity to whom the subpoena is directed refuses to produce the required documentary or physical evidence after having been ordered and directed to do so.

(2) COMPENSATION AUTHORITY.—To employ and fix the compensation of such clerical, investigatory, legal, technical, and other assistants as the special committee, or the chairman or the ranking member, considers necessary or appropriate.

(3) MEETINGS.—To sit and act at any time or place during sessions, recesses, and adjournment periods of the Senate.

(4) HEARINGS.—To hold hearings, take testimony under oath, and receive documentary or physical evidence relating to the matters and questions it is authorized to investigate or study. Unless the chairman and the ranking member otherwise agree, the questioning of a witness or a panel of witnesses at a hearing shall be limited to one initial 30-minute turn each for the chairman and the ranking member, or their designees, including majority and minority staff, and thereafter to 10-minute turns by each member of the special committee if 5 or more members are present, and to 15-minute turns by each member of the special committee if fewer than 5 members are present. A member may be permitted further questions of the witness or panel of witnesses, either by using time that another member then present at the hearing has yielded for that purpose during the yielding member's turn, or by using time allotted after all members have been given an opportunity to question the witness or panel of witnesses. At all times, unless the chairman and the ranking member otherwise agree, the questioning

13

shall alternate back and forth between members of the majority party and members of the minority party. In their discretion, the chairman and the ranking member, respectively, may designate majority or minority staff to question a witness or a panel of witnesses at a hearing during time yielded by a member of the chairman's or the ranking member's party then present at the hearing for his or her turn.

(5) TESTIMONY OF WITNESSES.—To require by subpoena or order the attendance, as a witness before the special committee or at a deposition, of any person who may have knowledge or information concerning any of the matters that the special committee is authorized to investigate and study.

(6) IMMUNITY.—To grant a witness immunity under sections 6002 and 6005 of title 18, United States Code, provided that the independent counsel has not informed the special committee in writing that immunizing the witness would interfere with the ability of the independent counsel successfully to prosecute criminal violations. Not later than 10 days before the special committee seeks a Federal court order for a grant of immunity by the special committee, the Senate Legal Counsel shall cause to be de-

14

livered to the independent counsel a written request asking the independent counsel promptly to inform the special committee in writing if, in the judgment of the independent counsel, the grant of immunity would interfere with the ability of the independent counsel successfully to prosecute criminal violations. The Senate Legal Counsel's written request of the independent counsel required by this paragraph shall be in addition to all notice requirements set forth in sections 6002 and 6005 of title 18, United States Code.

(7) DEPOSITIONS.—To take depositions and other testimony under oath anywhere within the United States, to issue orders that require witnesses to answer written interrogatories under oath, and to make application for the issuance of letters rogatory. All depositions shall be conducted jointly by majority and minority staff of the special committee. A witness at a deposition shall be examined upon oath administered by a member of the special committee or an individual authorized by local law to administer oaths, and a complete transcription or electronic recording of the deposition shall be made. Questions shall be propounded first by majority staff of the special committee and then by minority staff of the

15

special committee. Any subsequent round of questioning shall proceed in the same order. Objections by the witness as to the form of questions shall be noted for the record. If a witness objects to a question and refuses to answer on the basis of relevance or privilege, the special committee staff may proceed with the deposition, or may, at that time or at a subsequent time, seek a ruling on the objection from the chairman. If the chairman overrules the objection, the chairman may order and direct the witness to answer the question, but the special committee shall not initiate procedures leading to civil or criminal enforcement unless the witness refuses to answer after having been ordered and directed to answer.

(8) DELEGATIONS TO STAFF.—To issue commissions and to notice depositions for staff members to examine witnesses and to receive evidence under oath administered by an individual authorized by local law to administer oaths. The special committee, or the chairman with the concurrence of the ranking member, may delegate to designated staff members of the special committee the power to issue deposition notices authorized pursuant to this paragraph.

(9) INFORMATION FROM OTHER SOURCES.—To require by subpoena or order—

16

(A) any department, agency, entity, officer, or employee of the United States Government;

(B) any person or entity purporting to act under color or authority of State or local law; or

(C) any private person, firm, corporation, partnership, or other organization;

to produce for consideration by the special committee or for use as evidence in the investigation, study, or hearings of the special committee, any book, check, canceled check, correspondence, communication, document, financial record, paper, physical evidence, photograph, record, recording, tape, or any other material relating to any of the matters or questions that the special committee is authorized to investigate and study which any such person or entity may possess or control.

(10) RECOMMENDATIONS TO THE SENATE.—To make to the Senate any recommendations, by report or resolution, including recommendations for criminal or civil enforcement, which the special committee may consider appropriate with respect to—

(A) the willful failure or refusal of any person to appear before it, or at a deposition, or

to answer interrogatories, in compliance with a subpoena or order;

(B) the willful failure or refusal of any person to answer questions or give testimony during the appearance of that person as a witness before the special committee, or at a deposition, or in response to interrogatories; or

(C) the willful failure or refusal of—

(i) any officer or employee of the United States Government;

(ii) any person or entity purporting to act under color or authority of State or local law; or

(iii) any private person, partnership, firm, corporation, or organization;

to produce before the special committee, or at a deposition, or at any time or place designated by the committee, any book, check, canceled check, correspondence, communication, document, financial record, paper, physical evidence, photograph, record, recording, tape, or any other material in compliance with any subpoena or order.

(11) CONSULTANTS.—To procure the temporary or intermittent services of individual consultants, or organizations thereof.

(12) OTHER GOVERNMENT PERSONNEL.—To use, on a reimbursable basis and with the prior consent of the Government department or agency concerned, the services of the personnel of such department or agency.

(13) OTHER CONGRESSIONAL STAFF.—To use, with the prior consent of any member of the Senate or the chairman or the ranking member of any other Senate committee or the chairman or ranking member of any subcommittee of any committee of the Senate, the facilities or services of the appropriate members of the staff of such member of the Senate or other Senate committee or subcommittee, whenever the special committee or the chairman or the ranking member considers that such action is necessary or appropriate to enable the special committee to conduct the investigation, study, and hearings authorized by this resolution.

(14) ACCESS TO INFORMATION AND EVIDENCE.—To permit any members of the special committee, staff director, counsel, or other staff members or consultants designated by the chairman

, or the ranking member, access to any data, evidence, information, report, analysis, document, or paper—

(A) that relates to any of the matters or questions that the special committee is authorized to investigate or study under this resolution;

(B) that is in the custody or under the control of any department, agency, entity, officer, or employee of the United States Government, including those which have the power under the laws of the United States to investigate any alleged criminal activities or to prosecute persons charged with crimes against the United States without regard to the jurisdiction or authority of any other Senate committee or subcommittee; and

(C) that will assist the special committee to prepare for or conduct the investigation, study, and hearings authorized by this resolution.

(15) REPORTS OF VIOLATIONS OF LAW.—To report possible violations of any law to appropriate Federal, State, or local authorities.

(16) EXPENDITURES.—To expend, to the extent that the special committee determines necessary

20

and appropriate, any money made available to the special committee by the Senate to carry out this resolution.

(17) TAX RETURN INFORMATION.—To inspect and receive, in accordance with the procedures set forth in sections 6103(f)(3) and 6104(a)(2) of the Internal Revenue Code of 1986, any tax return or tax return information, held by the Secretary of the Treasury, if access to the particular tax-related information sought is necessary to the ability of the special committee to carry out section 1(b)(3)(B).

SEC. 6. PROTECTION OF CONFIDENTIAL INFORMATION.

(a) NONDISCLOSURE.—No member of the special committee or the staff of the special committee shall disclose, in whole or in part or by way of summary, to any person other than another member of the special committee or other staff of the special committee, for any purpose or in connection with any proceeding, judicial or otherwise, any testimony taken, including the names of witnesses testifying, or material presented, in depositions or at closed hearings, or any confidential materials or information, unless authorized by the special committee or the chairman in concurrence with the ranking member.

(b) STAFF NONDISCLOSURE AGREEMENT.—All members of the staff of the special committee with access to

21

confidential information within the control of the special committee shall, as a condition of employment, agree in writing to abide by the conditions of this section and any nondisclosure agreement promulgated by the special committee that is consistent with this section.

(c) SANCTIONS.—

(1) MEMBER SANCTIONS.—The case of any Senator who violates the security procedures of the special committee may be referred to the Select Committee on Ethics of the Senate for investigation and the imposition of sanctions in accordance with the rules of the Senate.

(2) STAFF SANCTIONS.—Any member of the staff of the special committee who violates the security procedures of the special committee shall immediately be subject to removal from office or employment with the special committee or such other sanction as may be provided in any rule issued by the special committee consistent with section 2(c).

(d) STAFF DEFINED.—For purposes of this section, the term "staff of the special committee" includes—

(1) all employees of the special committee;

(2) all staff designated by the members of the special committee to work on special committee business;

(3) all Senate staff assigned to special committee business pursuant to section 5(b)(13);

(4) all officers and employees of the Office of Senate Legal Counsel who are requested to work on special committee business; and

(5) all detailees and consultants to the special committee.

SEC. 7. RELATION TO OTHER INVESTIGATIONS.

(a) PURPOSES.—The purposes of this section are—

(1) to expedite the thorough conduct of the investigation, study, and hearings authorized by this resolution;

(2) to promote efficiency among all the various investigations underway in all branches of the United States Government; and

(3) to engender a high degree of confidence on the part of the public regarding the conduct of such investigation, study, and hearings.

(b) SPECIAL COMMITTEE ACTIONS.—To carry out the purposes stated in subsection (a), the special committee is encouraged—

(1) to obtain relevant information concerning the status of the investigation of the independent counsel, to assist in establishing a hearing schedule for the special committee; and

(2) to coordinate, to the extent practicable, the activities of the special committee with the investigation of the independent counsel.

SEC. 8. SALARIES AND EXPENSES.

A sum equal to not more than $950,000 for the period beginning on the date of adoption of this resolution and ending on February 29, 1996, shall be made available from the contingent fund of the Senate out of the Account for Expenses for Inquiries and Investigations for payment of salaries and other expenses of the special committee under this resolution, which shall include not more than $750,000 for the procurement of the services of individual consultants or organizations thereof, in accordance with section 5(b)(11). Payment of expenses shall be disbursed upon vouchers approved by the chairman, except that vouchers shall not be required for the disbursement of salaries paid at an annual rate.

SEC. 9. REPORTS; TERMINATION.

(a) COMPLETION OF DUTIES.—

(1) IN GENERAL.—The special committee shall make every reasonable effort to complete, not later than February 1, 1996, the investigation, study, and hearings authorized by section 1.

(2) EVALUATION OF PROGRESS.—The special committee shall evaluate the progress and status of

24

the investigation, study, and hearings authorized by section 1 and, not later than January 15, 1996, make recommendations with respect to the authorization of additional funds for a period following February 29, 1996. If the special committee requests the authorization of additional funds for a period following February 29, 1996, the Majority Leader and the Democratic Leader shall meet and determine the appropriate timetable and procedures for the Senate to vote on any such request.

(b) FINAL REPORT.—

(1) SUBMISSION.—The special committee shall promptly submit a final public report to the Senate of the results of the investigation, study, and hearings conducted by the special committee pursuant to this resolution, together with its findings and any recommendations.

(2) CONFIDENTIAL INFORMATION.—The final report of the special committee may be accompanied by such confidential annexes as are necessary to protect confidential information.

(3) CONCLUSION OF BUSINESS.—After submission of its final report, the special committee shall promptly conclude its business and close out its affairs.

25

(c) RECORDS.—Upon the conclusion of the special committee's business and the closing out of its affairs, all records, files, documents, and other materials in the possession, custody, or control of the special committee shall remain under the control of the Committee on Banking, Housing, and Urban Affairs.

SEC. 10. COMMITTEE JURISDICTION AND RULE XXV.

The jurisdiction of the special committee is granted pursuant to this resolution, notwithstanding the provisions of paragraph 1 of rule XXV of the Standing Rules of the Senate relating to the jurisdiction of the standing committees of the Senate.

○

354 U.S. 178 printed in FULL format.

WATKINS v. UNITED STATES

No. 261

SUPREME COURT OF THE UNITED STATES

354 U.S. 178; 77 S. Ct. 1173; 1957 U.S. LEXIS 1558; 1 L. Ed. 2d 1273; 76 Ohio L. Abs. 225

Argued March 7, 1957

June 17, 1957

PRIOR HISTORY:

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

SYLLABUS: [***1]

Petitioner was convicted of a violation of *2 U.S.C. § 192*, which makes it a misdemeanor for any person summoned as a witness by either House of Congress or any committee thereof to refuse to answer any question "pertinent to the question under inquiry." Summoned to testify before a Subcommittee of the House of Representatives Committee on Un-American Activities, petitioner testified freely about his own activities and associations; but he refused to answer questions as to whether he had known certain other persons to have been members of the Communist Party. He based his refusal on the ground that those questions were outside of the proper scope of the Committee's activities and not relevant to its work. No clear understanding of the "question under inquiry" could be gleaned from the resolution authorizing the full Committee, the legislative history thereof, the Committee's practices thereunder, the action authorizing the Subcommittee, the statement of the Chairman at the opening of the hearings or his statement in response to petitioner's protest. Held: Petitioner was not accorded a fair opportunity to determine whether he was within his rights in refusing to answer, and [***2] his conviction was invalid under the Due Process Clause of the Fifth Amendment. Pp. 181-216.

(a) The power of Congress to conduct investigations, inherent in the legislative process, is broad; but it is not unlimited. P. 187.

(b) Congress has no general authority to expose the private affairs of individuals without justification in terms of the functions of Congress. P. 187.

(c) No inquiry is an end in itself; it must be related to, and in furtherance of, a legitimate task of Congress. P. 187.

(d) The Bill of Rights is applicable to congressional investigations, as it is to all forms of governmental action. P. 188.

(e) A congressional investigation is subject to the command that Congress shall make no law abridging freedom of speech or press or assembly. Pp. 196-197.

(f) When First Amendment rights are threatened, the delegation of power to a congressional committee must be clearly revealed in its charter. *United States v. Rumely, 345 U.S. 41*. P. 198.

(g) A congressional investigation into individual affairs is invalid if unrelated to any legislative purpose, because it is beyond the powers conferred upon Congress by the Constitution. *Kilbourn v. [***3] Thompson, 103 U.S. 168*. P. 198.

(h) It cannot simply be assumed that every congressional investigation is justified by a public need that overbalances any private rights affected, since to do so would be to abdicate the responsibility placed by the Constitution upon the judiciary to insure that Congress does not unjustifiably encroach upon an individual's right of privacy nor abridge his liberty of speech, press, religion or assembly. Pp. 198-199.

(i) There is no congressional power to expose for the sake of exposure where the predominant result can be only an invasion of the private rights of individuals. P. 200.

(j) In authorizing an investigation by a committee, it is essential that the Senate or House should spell out the committee's jurisdiction and purpose with sufficient particularity to insure that compulsory process is used

only in furtherance of a legislative purpose. P. 201.

(k) The resolution authorizing the Un-American Activities Committee does not satisfy this requirement, especially when read in the light of the practices of the Committee and subsequent actions of the House of Representatives extending the life of the Committee. Pp. 201-205.

(l) Every [***4] reasonable indulgence of legality must be accorded to the actions of a coordinate branch of our Government; but such deference cannot yield to an unnecessary and unreasonable dissipation of precious constitutional freedoms. P. 204.

(m) Protected freedoms should not be placed in danger in the absence of a clear determination by the House or Senate that a particular inquiry is justified by specific legislative need. P. 205.

(n) Congressional investigating committees are restricted to the missions delegated to them -- to acquire certain data to be used by the House or Senate in coping with a problem that falls within its legislative sphere -- and no witness can be compelled to make disclosures on matters outside that area. P. 206.

(o) When the definition of jurisdictional pertinency is as uncertain and wavering as in the case of the Un-American Activities Committee, it becomes extremely difficult for the Committee to limit its inquiries to statutory pertinency. P. 206.

(p) The courts must accord to a defendant indicted under *2 U.S.C. § 192* every right which is guaranteed to defendants in all other criminal cases, including the right to have available information revealing [***5] the standard of criminality before the commission of the alleged offense. Pp. 207-208.

(q) Since the statute defines the crime as refusal to answer "any question pertinent to the question under inquiry," part of the standard of criminality is the pertinency of the questions propounded to the witness. P. 208.

(r) Due process requires that a witness before a congressional investigating committee should not be compelled to decide, at peril of criminal prosecution, whether to answer questions propounded to him without first knowing the "question under inquiry" with the same degree of explicitness and clarity that the Due Process Clause requires in the expression of any element of a criminal offense. *Sinclair v. United States, 279 U.S. 263.* Pp. 208-209.

(s) The authorizing resolution, the remarks of the chairman or members of the committee, or even the nature of the proceedings themselves, might make the "question under inquiry" sufficiently clear to avoid the "vice of vagueness"; but these sources often leave the matter in grave doubt. P. 209.

(t) In this case, it is not necessary to pass on the question whether the authorizing resolution defines the "question under [***6] inquiry" with sufficient clarity, since the Government does not contend that it could serve that purpose. P. 209.

(u) The opening statement of the Chairman at the outset of the hearings here involved is insufficient to serve that purpose, since it merely paraphrased the authorizing resolution and gave a very general sketch of the past efforts of the Committee. Pp. 209-210.

(v) Nor was that purpose served by the action of the full Committee in authorizing the creation of the Subcommittee before which petitioner appeared, since it merely authorized the Chairman to appoint subcommittees "for the purpose of performing any and all acts which the Committee as a whole is authorized to do." Pp. 211-212.

(w) On the record in this case, especially in view of the precise questions petitioner was charged with refusing to answer, it cannot be said that the "question under inquiry" was Communist infiltration into labor unions. Pp. 212-214.

(x) Unless the subject matter of the inquiry has been made to appear with undisputable clarity, it is the duty of the investigative body, upon objection of the witness on grounds of pertinency, to state for the record the subject under inquiry at that [***7] time and the manner in which the propounded questions are pertinent thereto. Pp. 214-215.

(y) The Chairman's response, when petitioner objected to the questions on grounds of pertinency, was inadequate to convey sufficient information as to the pertinency of the questions to the "question under inquiry." Pp. 214-215.

98 U.S. App. D.C. 190, 233 F. 2d 681, reversed and remanded.

COUNSEL: Joseph L. Rauh, Jr. argued the cause for petitioner. With him on the brief were Harold A. Cranefield, Norma Zarky, John Silard, Daniel H. Pollitt and Sidney S. Sachs.

Solicitor General Rankin argued the cause for the United States. With him on the brief were Assistant Attorney General Tompkins, Philip R. Monahan and Doris H. Spangenburg.

Osmond K. Fraenkel filed a brief for the American Civil Liberties Union, as amicus curiae, supporting petitioner, and Telford Taylor filed a brief for Metcalf, as amicus curiae, urging reversal.

Herbert R. O'Conor [***8] filed a brief for the American Bar Association, as amicus curiae, urging affirmance. With him on the brief were Julius Applebaum, Tracy E. Griffin, John M. Palmer, Paul W. Updegraff and Louis C. Wyman.

JUDGES: Warren, Black, Frankfurter, Douglas, Clark, Harlan, Brennan; Burton and Whittaker took no part in the consideration or decision of this case.

OPINIONBY: WARREN

OPINION: [*181] [**1176] MR. CHIEF JUSTICE WARREN delivered the opinion of the Court.

This is a review by certiorari of a conviction under *2 U.S.C. § 192* for "contempt of Congress." The misdemeanor is alleged to have been committed during a [*182] hearing before a congressional investigating committee. It is not the case of a truculent or contumacious witness who refuses to answer all questions or who, by boisterous or discourteous conduct, disturbs the decorum of the committee room. Petitioner was prosecuted for refusing to make certain disclosures which he asserted to be beyond the authority of the committee to demand. The controversy thus rests upon fundamental principles of the power of the Congress and the limitations upon that power. We approach the questions presented with conscious awareness of the far-reaching ramifications that can follow from a decision of this nature.

On April 29, 1954, petitioner appeared as a witness in compliance with a subpoena issued [***9] by a Subcommittee of the Committee on Un-American Activities of the House of Representatives. The Subcommittee elicited from petitioner a description of his background in labor union activities. He had been an employee of the International Harvester Company between 1935 and 1953. During the last eleven of those years, he had been on leave of absence to serve as an official of the Farm Equipment Workers International Union, later merged into the United Electrical, Radio and Machine Workers. He rose to the position of President of District No. 2 of the Farm Equipment Workers, a district defined geographically to include generally Canton and Rock Falls, Illinois, and Dubuque, Iowa. In 1953, petitioner joined the United Automobile Workers International Union as a labor organizer.

Petitioner's name had been mentioned by two witnesses who testified before the Committee at prior hearings. In September 1952, one Donald O. Spencer admitted having been a Communist from 1943 to 1946. He declared that he had been recruited into the Party with the endorsement and prior approval of petitioner, whom he identified as the then District Vice-President of the Farm Equipment [*183] Workers. [***10] n1 Spencer also mentioned [**1177] that petitioner had attended meetings at which only card-carrying Communists were admitted. A month before petitioner testified, one Walter Rumsey stated that he had been recruited into the Party by petitioner. n2 Rumsey added that he had paid Party dues to, and later collected dues from, petitioner, who had assumed the name, Sam Brown. Rumsey told the Committee that he left the Party in 1944.

n1 R. 153-163; Hearings before the House of Representatives Committee on Un-American Activities on Communist Activities in the Chicago Area -- Part 1, 82d Cong., 2d Sess. 3737-3752.

n2 R. 135-149; Hearings before the House of Representatives Committee on Un-American Activities on Investigation of Communist Activities in the Chicago Area -- Part 2, 83d Cong., 2d Sess. 4243-4260.

Petitioner answered these allegations freely and without reservation. His attitude toward the inquiry is clearly revealed from the statement he made when the questioning turned to the subject of his past conduct, associations [***11] and predilections:

"I am not now nor have I ever been a card-carrying member of the Communist Party. Rumsey was wrong when he said I had recruited him into the party, that I had received his dues, that I paid dues to him, and that I had used the alias Sam Brown.

"Spencer was wrong when he termed any meetings which I attended as closed Communist Party meetings.

"I would like to make it clear that for a period of time from approximately 1942 to 1947 I cooperated with the Communist Party and participated in Communist activities to such a degree that some persons may honestly believe that I was a member of the party.

"I have made contributions upon occasions to Communist causes. I have signed petitions for Communist [*184] causes. I attended caucuses at an FE convention at which Communist Party officials were present.

"Since I freely cooperated with the Communist Party I have no motive for making the distinction between co-

operation and membership except the simple fact that it is the truth. I never carried a Communist Party card. I never accepted discipline and indeed on several occasions I opposed their position.

"In a special convention held in the summer of 1947 [***12] I led the fight for compliance with the Taft-Hartley Act by the FE-CIO International Union. This fight became so bitter that it ended any possibility of future cooperation." n3

n3 R. 75; Hearings, supra, note 2, Part 3, at 4268.

The character of petitioner's testimony on these matters can perhaps best be summarized by the Government's own appraisal in its brief:

"A more complete and candid statement of his past political associations and activities (treating the Communist Party for present purposes as a mere political party) can hardly be imagined. Petitioner certainly was not attempting to conceal or withhold from the Committee his own past political associations, predilections, and preferences. Furthermore, petitioner told the Committee that he was entirely willing to identify for the Committee, and answer any questions it might have concerning, 'those persons whom I knew to be members of the Communist Party,' provided that, 'to [his] best knowledge and belief,' they still were members of the Party . . . [***13] ." n4

n4 Brief for Respondent, pp. 59-60.

The Subcommittee, too, was apparently satisfied with petitioner's disclosures. After some further discussion elaborating on the statement, counsel for the [**1178] Committee [*185] turned to another aspect of Rumsey's testimony. Rumsey had identified a group of persons whom he had known as members of the Communist Party, and counsel began to read this list of names to petitioner. Petitioner stated that he did not know several of the persons. Of those whom he did know, he refused to tell whether he knew them to have been members of the Communist Party. He explained to the Subcommittee why he took such a position:

"I am not going to plead the fifth amendment, but I refuse to answer certain questions that I believe are outside the proper scope of your committee's activities. I will answer any questions which this committee puts to me about myself. I will also answer questions about those persons whom I knew to be members of the Communist Party and whom I believe still are. [***14] I will not, however, answer any questions with respect to others with whom I associated in the past. I do not believe that any law in this country requires me to testify about persons who may in the past have been Communist Party members or otherwise engaged in Communist Party activity but who to my best knowledge and belief have long since removed themselves from the Communist movement.

"I do not believe that such questions are relevant to the work of this committee nor do I believe that this committee has the right to undertake the public exposure of persons because of their past activities. I may be wrong, and the committee may have this power, but until and unless a court of law so holds and directs me to answer, I most firmly refuse to discuss the political activities of my past associates." n5

n5 R. 85-86; Hearings, supra, note 2, Part 3, at 4275.

[*186] The Chairman of the Committee submitted a report of petitioner's refusal to answer questions to the House of Representatives. H.R. Rep. No. 1579, [***15] 83d Cong., 2d Sess. The House directed the Speaker to certify the Committee's report to the United States Attorney for initiation of criminal prosecution. H. Res. 534, 83d Cong., 2d Sess. n6 A seven-count indictment was returned. n7 Petitioner waived his right to jury trial and was found guilty on all counts by the court. The sentence, a fine of $ 100 and one year in prison, was suspended, and petitioner was placed on probation.

n6 There were nine citations of contempt voted at the same time. Petitioner's case was the second to be acted upon. There was no debate other than a statement by Representative Javits on a proposal to consolidate the legislative bodies investigating subversion. 100 Cong. Rec. 6382-6386. The resolution to prosecute petitioner passed by a voice vote.

There was lengthier discussion and a recorded vote on the first case considered by the House. Id., at 6375-6382. In none of the cases was there any debate on the merits of the witnesses' conduct. Id., at 6375-6401.

n7 The counts of the indictment were patterned from the sequence of the questioning by the Committee. Petitioner was asked separately about six persons, and these are the basis of the first six counts. The last count comprises the omnibus ques-

tion that gave a list of twenty-five names for petitioner to identify. With two exceptions, the questions asked for knowledge of past membership in the Communist Party. The context of the interrogation indicates that the Committee's concern was with such past conduct. Petitioner agreed to and did disclose his knowledge of those he believed to be present members.

[***16]

An appeal was taken to the Court of Appeals for the District of Columbia. The conviction was reversed by a three-judge panel, one member dissenting. Upon rehearing en banc, the full bench affirmed the conviction with the judges of the original majority in dissent. *98 U.S. App. D.C. 190, 233 F. 2d 681.* We [**1179] granted certiorari [*187] because of the very important questions of constitutional law presented. *352 U.S. 822.*

We start with several basic premises on which there is general agreement. The power of the Congress to conduct investigations is inherent in the legislative process. That power is broad. It encompasses inquiries concerning the administration of existing laws as well as proposed or possibly needed statutes. It includes surveys of defects in our social, economic or political system for the purpose of enabling the Congress to remedy them. It comprehends probes into departments of the Federal Government to expose corruption, inefficiency or waste. But, broad as is this power of inquiry, it is not unlimited. There is no general authority to expose the private affairs of individuals without justification in terms of the functions of the Congress. This was [***17] freely conceded by the Solicitor General in his argument of this case. n8 Nor is the Congress a law enforcement or trial agency. These are functions of the executive and judicial departments of government. No inquiry is an end in itself; it must be related to, and in furtherance of, a legitimate task of the Congress. Investigations conducted solely for the personal aggrandizement of the investigators or to "punish" those investigated are indefensible.

n8 "Now, we don't claim on behalf of the Government that there is any right to expose for the purposes of exposure. And I don't know that Congress has ever claimed any such right. But we do say, in the same breath, that there is a right to inform the public at the same time you inform the Congress."

It is unquestionably the duty of all citizens to cooperate with the Congress in its efforts to obtain the facts needed for intelligent legislative action. It is their unremitting obligation to respond to subpoenas, to respect the dignity of the Congress and its committees [***18] and to testify [*188] fully with respect to matters within the province of proper investigation. This, of course, assumes that the constitutional rights of witnesses will be respected by the Congress as they are in a court of justice. The Bill of Rights is applicable to investigations as to all forms of governmental action. Witnesses cannot be compelled to give evidence against themselves. They cannot be subjected to unreasonable search and seizure. Nor can the First Amendment freedoms of speech, press, religion, or political belief and association be abridged.

The rudiments of the power to punish for "contempt of Congress" come to us from the pages of English history. The origin of privileges and contempts extends back into the period of the emergence of Parliament. The establishment of a legislative body which could challenge the absolute power of the monarch is a long and bitter story. In that struggle, Parliament made broad and varied use of the contempt power. Almost from the beginning, both the House of Commons and the House of Lords claimed absolute and plenary authority over their privileges. This was an independent body of law, described by Coke as lex parliamenti. [***19] n9 Only Parliament could declare what those privileges were or what new privileges were occasioned, and only Parliament could judge what conduct constituted a breach of privilege.

n9 Coke, Fourth Institute, 15.

In particular, this exclusion of lex parliamenti from the lex terrae, or law of the land, precluded judicial review of the exercise of the contempt power or the assertion of privilege. Parliament declared that no court had jurisdiction to consider such questions. In the latter part of the seventeenth century, an action for false imprisonment was brought by one Jay who had been held in contempt. The defendant, the Serjeant-at-Arms of [**1180] the House of Commons, demurred that he had taken the plaintiff [*189] into custody for breach of privilege. The Chief Justice, Pemberton, overruled the demurrer. Summoned to the bar of the House, the Chief Justice explained that he believed that the assertion of privilege went to the merits of the action and did not preclude jurisdiction. For his audacity, the [***20] Chief Justice was dispatched to Newgate Prison. n10

n10 H. Comm. J. (1688-1693) 227; *Jay v. Topham, 12 How. St. Tr. 822.*

It seems inevitable that the power claimed by

Parliament would have been abused. Unquestionably it was. A few examples illustrate the way in which individual rights were infringed. During the seventeenth century, there was a violent upheaval, both religious and political. This was the time of the Reformation and the establishment of the Church of England. It was also the period when the Stuarts proclaimed that the royal prerogative was absolute. Ultimately there were two revolutions, one protracted and bloody, the second without bloodshed. Critical commentary of all kinds was treated as contempt of Parliament in these troubled days. Even clergymen were imprisoned for remarks made in their sermons. n11 Perhaps the outstanding case arose from the private conversation of one Floyd, a Catholic, in which he expressed pleasure over the misfortune of the King's Protestant son-in-law and [***21] his wife. Floyd was not a member of Parliament. None of the persons concerned was in any way connected with the House of Commons. Nevertheless, that body imposed an humiliating and cruel sentence upon Floyd for contempt. n12 The House of Lords intervened, [*190] rebuking the Commons for their extension of the privilege. The Commons acceded and transferred the record of the case to the Lords, who imposed substantially the same penalty. n13

n11 Proceedings against *Richard Thompson, 8 How. St. Tr. 2;* Wittke, The History of English Parliamentary Privilege, 50.

n12 "Floyd, for uttering a few contemptible expressions, was degraded from his gentility, and to be held an infamous person; his testimony not to be received; to ride from the Fleet to Cheapside on horseback, without a saddle, with his face to the horse's tail, and the tail in his hand, and then to stand two hours in the pillory, and to be branded in the forehead with the letter K; to ride four days afterwards in the same manner to Westminster, and then to stand two hours more in the pillory, with words on a paper in his hat showing his offence; to be whipped at the cart's tail from the Fleet to Westminster Hall; to pay a fine of 5000l.; and to be a prisoner in Newgate during his life." 1 De Lolme, The Rise and Progress of the English Constitution, 348.

[***22]

n13 H.L.J. (1620-1628) 110-111, 113, 116, 124, 125, 127, 132, 133-134, 183; Wittke, 76-77. See also Kelke, Constitutional Law and Cases, 155-156.

Later in that century, during the reign of Charles II, there was great unrest over the fact that the heir apparent, James, had embraced Catholicism. Anti-Catholic feeling ran high, spilling over a few years later when the infamous rogue, Titus Oates, inflamed the country with rumors of a "Popish Plot" to murder the King. A committee of Parliament was appointed to learn the sources of certain pamphlets that had been appearing. One was entitled: The Grand Question Concerning the Prorogation of this Parliament for a Year and Three Months Stated and Discussed. A Doctor Carey admitted to the committee that he knew the author, but refused to divulge his name. Brought to the bar of the House of Lords, he persisted in this stand. The House imposed a fine of L 1,000 and committed the witness to the Tower. n14

n14 H.L.J. (1675-1681) 54-55.

[***23]

A hundred years later, George III had managed to gain control of Parliament through his ministers. The King could not silence the opposition, however, and one of the most vocal was John Wilkes. This precipitated a [*191] struggle that lasted [**1181] for several years until Wilkes finally prevailed. One writer sums up the case thus:

"He had won a victory for freedom of the press. He had directed popular attention to the royally-controlled House of Commons, and pointed out its unrepresentative character, and had shown how easily a claim of privilege might be used to sanction the arbitrary proceedings of ministers and Parliament, even when a fundamental right of the subject was concerned. It was one of life's little ironies that work of such magnitude had been reserved for one of the worst libertines and demagogues of all time." n15

n15 Wittke, 122-123. With all his knavery, Wilkes was long a hero with certain persecuted groups in England. Here, streets and other public places have been named for him and his writings.

[***24]

Even as late as 1835, the House of Commons appointed a select committee to inquire into ". . . the origin, nature, extent and tendency of the Orange Institutions." This was a political-religious organization, vehemently Protestant in religion and strongly in favor of the growth of the British Empire. The committee summoned the Deputy Grand Secretary and demanded that he produce all the records of the organization. The witness refused to turn over a letter-book, which he admitted contained his answers to many communications upon

Orange business. But it also contained, he said, records of private communications with respect to Orangeism. Summoned to the bar of the House of Commons, he remained adamant and was committed to Newgate Prison. n16

n16 H. Comm. J. (1835) 533, 564-565, 571, 575.

Modern times have seen a remarkable restraint in the use by Parliament of its contempt power. Important investigations, like those conducted in America by congressional committees, are made by Royal Commissions **[*192]** of Inquiry. **[***25]** n17 These commissions are comprised of experts in the problem to be studied. They are removed from the turbulent forces of politics and partisan considerations. Seldom, if ever, have these commissions been given the authority to compel the testimony of witnesses or the production of documents. n18 Their success in fulfilling their fact-finding missions without resort to coercive tactics is a tribute to the fairness of the processes to the witnesses and their close adherence to the subject matter committed to them.

n17 Finer, Congressional Investigations: The British System, 18 U. of Chi. L. Rev. 521, 554-561; Smelser, Legislative Investigations: Safeguards for Witnesses: The Problem in Historical Perspective, *29 Notre Dame Law. 163, 167;* Clokie & Robinson, Royal Commissions of Inquiry.

n18 Finer, 559; Smelser, 167; Clokie & Robinson, 186-187.

The history of contempt of the legislature in this country is notably different from that of England. In the early days of the United States, there lingered the direct **[***26]** knowledge of the evil effects of absolute power. Most of the instances of use of compulsory process by the first Congresses concerned matters affecting the qualification or integrity of their members or came about in inquiries dealing with suspected corruption or mismanagement of government officials. n19 Unlike the English practice, from the very outset the use of contempt power by the legislature was deemed subject to judicial review. n20

n19 See Landis, Constitutional Limitations on the Congressional Power of Investigation, *40 Harv. L. Rev. 153, 168-191;* Potts, Power of Legislative Bodies to Punish for Contempt, 74 U. of Pa. L. Rev. 691, 719-725.

n20 The first case to reach this Court was Anderson v. Dunn, 6 Wheat.204, which upheld the power of the House of Representatives to reprimand a person for attempting to bribe a member of the House.

[1182]** There was very little use of the power of compulsory process in early years to enable the Congress to obtain facts pertinent to the enactment of new statutes **[***27]** or the **[*193]** administration of existing laws. The first occasion for such an investigation arose in 1827 when the House of Representatives was considering a revision of the tariff laws. n21 In the Senate, there was no use of a fact-finding investigation in aid of legislation until 1859. n22 In the Legislative Reorganization Act, the Committee on Un-American Activities was the only standing committee of the House of Representatives that was given the power to compel disclosures. n23

n21 On December 31, 1827, the House Committee on Manufacturers was given the task of inquiring into the effect that the proposed upward revision in the tariff schedules would have upon domestic manufacturers. The power of the House to authorize a fact-finding inquiry in aid of legislation was seriously challenged. After full debate the investigation was authorized by a vote of 102 to 88. 4 Cong. Deb. 889.

n22 The subject matter of the select committee was ". . . the late invasion and seizure of the armory and arsenal of the United States at Harper's Ferry, in Virginia, by a band of armed men . . . . And that said committee [shall] report whether any and what legislation may, in their opinion, be necessary, on the part of the United States, for the future preservation of the peace of the country, or for the safety of the public property; and that said committee [shall] have power to send for persons and papers." Cong. Globe, 36th Cong., 1st Sess. 141 (1859).
[*28]**

n23 60 Stat. 828-829. All standing committees in the Senate were invested with the power of compulsory process. 60 Stat. 830-831. During the 83d Congress, two other standing committees in the House of Representatives, the Appropriations and Government Operations Committees, possessed that power. 99 Cong. Rec. 16-19.

It is not surprising, from the fact that the Houses of Congress so sparingly employed the power to conduct investigations, that there have been few cases requiring judicial review of the power. The Nation was almost

one hundred years old before the first case reached this Court to challenge the use of compulsory process as a legislative device, rather than in inquiries concerning the elections [*194] or privileges of Congressmen. n24 In *Kilbourn v. Thompson, 103 U.S. 168*, decided in 1881, an investigation had been authorized by the House of Representatives to learn the circumstances surrounding the bankruptcy of Jay Cooke & Company, in which the United States had deposited funds. The committee became particularly interested in a private real estate pool that was a part [***29] of the financial structure. The Court found that the subject matter of the inquiry was "in its nature clearly judicial and therefore one in respect to which no valid legislation could be enacted." The House had thereby exceeded the limits of its own authority.

n24 The first court that was called upon to review the constitutional validity of a legislative inquiry was the New York Court of Common Pleas. The case arose out of the inquiry by the Common Council of New York into the conduct of the Police Department in 1855. Judge Charles Patrick Daly upheld the investigative power as implicit in the functions of a legislature, but ruled that the examination of witnesses must be confined to the subject under investigation. Applying this standard, he ruled that questions directed to the national origin of policemen were improper under the investigators' authorizing resolution. Briggs v. Mackeller, 2 Abbott's Practice Reports 30 (N.Y. Common Pleas 1855).

Subsequent to the decision in Kilbourn, until recent [***30] times, there were very few cases dealing with the investigative power. n25 The matter came to [**1183] the fore again when the Senate undertook to study the corruption in the handling of oil leases in the 1920's. In *McGrain v. Daugherty, 273 U.S. 135*, and *Sinclair v. United States, 279 U.S. 263*, the Court applied the precepts of Kilbourn to uphold the authority of the Congress to conduct the challenged investigations. The Court recognized the danger to effective and honest conduct of the Government [*195] if the legislature's power to probe corruption in the executive branch were unduly hampered.

n25 *In re Chapman, 166 U.S. 661* (upheld conviction under R.S. § 102, forerunner of *2 U.S.C. § 192*, for refusal to answer questions in inquiry into charges of corruption among certain Senators with respect to pending bill on sugar tariff); cf. *Marshall v. Gordon, 243 U.S. 521*.

Following these important decisions, there was another lull in judicial review of investigations. The absence of challenge, [***31] however, was not indicative of the absence of inquiries. To the contrary, there was vigorous use of the investigative process by a Congress bent upon harnessing and directing the vast economic and social forces of the times. Only one case came before this Court, and the authority of the Congress was affirmed. n26

n26 *Jurney v. MacCracken, 294 U.S. 125* (upheld power of Senate to punish as a contempt the action of a witness in allowing the destruction and removal of papers subject to the subpoena of a Senate committee; held that enactment of *2 U.S.C. § 192* did not impair contempt power of Houses of Congress).

In the decade following World War II, there appeared a new kind of congressional inquiry unknown in prior periods of American history. Principally this was the result of the various investigations into the threat of subversion of the United States Government, but other subjects of congressional interest also contributed to the changed scene. This new phase of legislative inquiry involved a broad-scale [***32] intrusion into the lives and affairs of private citizens. It brought before the courts novel questions of the appropriate limits of congressional inquiry. Prior cases, like Kilbourn, McGrain and Sinclair, had defined the scope of investigative power in terms of the inherent limitations of the sources of that power. In the more recent cases, the emphasis shifted to problems of accommodating the interest of the Government with the rights and privileges of individuals. The central theme was the application of the Bill of Rights as a restraint upon the assertion of governmental power in this form.

It was during this period that the Fifth Amendment privilege against self-incrimination was frequently invoked [*196] and recognized as a legal limit upon the authority of a committee to require that a witness answer its questions. n27 Some early doubts as to the applicability of that privilege before a legislative committee never matured. n28 When the matter reached this Court, the Government did not challenge in any way that the Fifth Amendment protection was available to the witness, and such a challenge could not have prevailed. It confined its argument to the character [***33] of the answers sought and to the adequacy of the claim of privilege. *Quinn v. United States, 349 U.S. 155; Emspak v. United States, 349 U.S. 190;* [**1184] *Bart v. United States, 349 U.S. 219*. n29

n27 The first reported case in which the claim of

the privilege against self-incrimination was allowed in a congressional inquiry proceeding was *United States v. Yukio Abe, 95 F. Supp. 991.* Prior thereto, several state courts had held that legislative investigations were subject to the witness' privilege not to accuse himself under state constitutions. *Emery's Case, 107 Mass. 172,* decided in 1871 is the earliest. See also *Ex parte Johnson, 187 S.C. 1, 196 S.E. 164.*

n28 E.G., Excerpts from Hearings before the House of Representatives Committee on Un-American Activities -- Regarding Investigation of Communist Activities in Connection with the Atom Bomb, 80th Cong., 2d Sess. 5; N.Y. Herald Tribune, Sept. 6, 1948, p. 3, col. 6-7.

n29 Appropriateness of the privilege has been upheld without question in many cases arising out of congressional inquiry. See, e.g., *Starkovich v. United States, 231 F. 2d 411; Aiuppa v. United States, 201 F. 2d 287; United States v. Costello, 198 F. 2d 200; Marcello v. United States, 196 F. 2d 437; United States v. Di Carlo, 102 F. Supp. 597; United States v. Licavoli, 102 F. Supp. 607; United States v. Cohen, 101 F. Supp. 906; United States v. Jaffe, 98 F. Supp. 191; United States v. Fitzpatrick, 96 F. Supp. 491; United States v. Raley, 96 F. Supp. 495; United States v. Yukio Abe, 95 F. Supp. 991.*

[*34]**

A far more difficult task evolved from the claim by witnesses that the committees' interrogations were infringements upon the freedoms of the First Amendment. n30 **[*197]** Clearly, an investigation is subject to the command that the Congress shall make no law abridging freedom of speech or press or assembly. While it is true that there is no statute to be reviewed, and that an investigation is not a law, nevertheless an investigation is part of law-making. It is justified solely as an adjunct to the legislative process. The First Amendment may be invoked against infringement of the protected freedoms by law or by lawmaking. n31

n30 The first reported decision, made in 1947, grew out of the inquiry of the Un-American Activities Committee into certain organizations suspected of subversive actions. Subpoenas duces tecum had been issued calling for the correspondence and other records of these organizations. Refusals to comply were followed by prosecutions under *2 U.S.C. § 192.* The District Court denied motions to dismiss the indictments in *United States v. Bryan, 72 F. Supp. 58.* The decision with respect to the First Amendment was affirmed in *Barsky v. United States, 167 F. 2d 241.*

[*35]**

n31 See *United States v. Rumely, 345 U.S. 41, 43-44; Lawson v. United States, 176 F. 2d 49, 51-52; Barsky v. United States, 167 F. 2d 241, 244-250; United States v. Josephson, 165 F. 2d 82, 90-92.*

Abuses of the investigative process may imperceptibly lead to abridgment of protected freedoms. The mere summoning of a witness and compelling him to testify, against his will, about his beliefs, expressions or associations is a measure of governmental interference. And when those forced revelations concern matters that are unorthodox, unpopular, or even hateful to the general public, the reaction in the life of the witness may be disastrous. This effect is even more harsh when it is past beliefs, expressions or associations that are disclosed and judged by current standards rather than those contemporary with the matters exposed. Nor does the witness alone suffer the consequences. Those who are identified by witnesses and thereby placed in the same glare of publicity are equally subject to public stigma, scorn and obloquy. Beyond that, there is the more subtle and **[***36]** immeasurable effect upon those who tend to adhere to **[*198]** the most orthodox and uncontroversial views and associations in order to avoid a similar fate at some future time. That this impact is partly the result of non-governmental activity by private persons cannot relieve the investigators of their responsibility for initiating the reaction.

The Court recognized the restraints of the Bill of Rights upon congressional investigations in *United States v. Rumely, 345 U.S. 41.* The magnitude and complexity of the problem of applying the First Amendment to that case led the Court to construe narrowly the resolution describing the committee's authority. It was concluded that, when First Amendment rights are threatened, the delegation of power to the committee must be clearly revealed in its charter.

[1185]** Accommodation of the congressional need for particular information with the individual and personal interest in privacy is an arduous and delicate task for any court. We do not underestimate the difficulties that would attend such an undertaking. It is manifest that despite the adverse effects which follow upon compelled disclosure of private matters, not all such inquiries **[***37]** are barred. Kilbourn v. Thompson teaches that such an investigation into individual affairs is invalid if unrelated to any legislative purpose. That is beyond the powers conferred upon the Congress in the

Constitution. United States v. Rumely makes it plain that the mere semblance of legislative purpose would not justify an inquiry in the face of the Bill of Rights. The critical element is the existence of, and the weight to be ascribed to, the interest of the Congress in demanding disclosures from an unwilling witness. We cannot simply assume, however, that every congressional investigation is justified by a public need that overbalances any private rights affected. To do so would be to abdicate the responsibility placed by the Constitution upon the judiciary to insure that the Congress does not unjustifiably encroach upon an individual's [*199] right to privacy nor abridge his liberty of speech, press, religion or assembly.

Petitioner has earnestly suggested that the difficult questions of protecting these rights from infringement by legislative inquiries can be surmounted in this case because there was no public purpose served in his interrogation. His [***38] conclusion is based upon the thesis that the Subcommittee was engaged in a program of exposure for the sake of exposure. The sole purpose of the inquiry, he contends, was to bring down upon himself and others the violence of public reaction because of their past beliefs, expressions and associations. In support of this argument, petitioner has marshalled an impressive array of evidence that some Congressmen have believed that such was their duty, or part of it. n32

n32 In a report to the House, the Committee declared:

"While Congress does not have the power to deny to citizens the right to believe in, teach, or advocate, communism, fascism, and naziism, it does have the right to focus the spotlight of publicity upon their activities . . . ." H.R. Rep. No. 2, 76th Cong., 1st Sess. 13.

A year later, the Committee reported that ". . . investigation to inform the American people . . . is the real purpose of the House Committee." H.R. Rep. No. 1476, 76th Cong., 3d Sess. 1-2.

A pamphlet issued by the Committee in 1951 stated that: "Exposure in a systematic way began with the formation of the House Committee on Un-American Activities, May 26, 1938." The Committee believed itself commanded ". . . to expose people and organizations attempting to destroy this country. That is still its job and to that job it sticks." 100 Things You Should Know About Communism, H.R. Doc. No. 136, 82d Cong., 1st Sess. 19, 67.

In its annual reports, the Committee has devoted a large part of its information to a public listing of names along with a summary of their activities. ". . . [T]he committee feels that the Congress and the American people will have a much clearer and fuller picture of the success and scope of communism in the United States by having set forth the names and, where possible, the positions occupied by individuals who have been identified as Communists, or former Communists, during the past year." H.R. Rep. No. 2516, 82d Cong., 2d Sess. 6-7.

[***39]

[*200] We have no doubt that there is no congressional power to expose for the sake of exposure. The public is, of course, entitled to be informed concerning the workings of its government. n33 [**1186] That cannot be inflated into a general power to expose where the predominant result can only be an invasion of the private rights of individuals. But a solution to our problem is not to be found in testing the motives of committee members for this purpose. Such is not our function. Their motives alone would not vitiate an investigation which had been instituted by a House of Congress if that assembly's legislative purpose is being served. n34

n33 We are not concerned with the power of the Congress to inquire into and publicize corruption, maladministration or inefficiency in agencies of the Government. That was the only kind of activity described by Woodrow Wilson in Congressional Government when he wrote: "The informing function of Congress should be preferred even to its legislative function." Id., at 303. From the earliest times in its history, the Congress has assiduously performed an "informing function" of this nature. See Landis, Constitutional Limitations on the Congressional Power of Investigation, *40 Harv. L. Rev. 153, 168-194.*

[***40]

n34 Compare the treatment of this point in *Barenblatt v. United States, 240 F. 2d 875, 880-881; Morford v. United States, 176 F. 2d 54, 58; Eisler v. United States, 170 F. 2d 273, 278-279; United States v. Josephson, 165 F. 2d 82, 89;* and *United States v. Kamin, 136 F. Supp. 791, 800-801.*

Petitioner's contentions do point to a situation of particular significance from the standpoint of the constitutional limitations upon congressional investigations. The theory of a committee inquiry is that the committee members are serving as the representatives of the parent assembly in collecting information for a legislative purpose. Their function is to act as the eyes and ears

of the Congress in obtaining facts upon which the full legislature can act. To carry out this mission, committees and subcommittees, sometimes one Congressman, **[*201]** are endowed with the full power of the Congress to compel testimony. In this case, only two men exercised that authority in demanding information over petitioner's protest.

An essential premise in this situation is that **[***41]** the House or Senate shall have instructed the committee members on what they are to do with the power delegated to them. It is the responsibility of the Congress, in the first instance, to insure that compulsory process is used only in furtherance of a legislative purpose. That requires that the instructions to an investigating committee spell out that group's jurisdiction and purpose with sufficient particularity. Those instructions are embodied in the authorizing resolution. That document is the committee's charter. Broadly drafted and loosely worded, however, such resolutions can leave tremendous latitude to the discretion of the investigators. The more vague the committee's charter is, the greater becomes the possibility that the committee's specific actions are not in conformity with the will of the parent House of Congress.

The authorizing resolution of the Un-American Activities Committee was adopted in 1938 when a select committee, under the chairmanship of Representative Dies, was created. n35 Several years later, the Committee was made a standing organ of the House with the same mandate. n36 It defines the Committee's authority as follows:

"The Committee on Un-American **[***42]** Activities, as a whole or by subcommittee, is authorized to make from time to time investigations of (1) the extent, character, and objects of un-American propaganda activities in the United States, (2) the diffusion **[*202]** within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in **[**1187]** any necessary remedial legislation." n37

n35 H. Res. 282, 75th Cong., 3d Sess., 83 Cong. Rec. 7568, 7586.

n36 H. Res. 5, 79th Cong., 1st Sess., 91 Cong. Rec. 10, 15.

n37 H. Res. 5, 83d Cong., 1st Sess., 99 Cong. Rec. 18, 24.

It would be difficult to imagine a less explicit authorizing resolution. Who can define the meaning of "un-American"? What is that single, solitary "principle of the form of government as guaranteed by our Constitution"? n38 There is no need to dwell upon the language, **[***43]** however. At one time, perhaps, the resolution might have been read narrowly to confine the Committee to the subject of propaganda. n39 The events that have transpired in the fifteen years before the interrogation of petitioner make such a construction impossible at this date.

n38 For contrasting views, see *Morford v. United States, 176 F. 2d 54, 57-58,* and *Barsky v. United States, 167 F. 2d 241, 247-248.*

n39 The language of the resolution was obviously taken from the Dickstein resolution, which established the McCormack Committee in 1934 to study Nazi and other propaganda sent into the United States from foreign countries. H. Res. 198, 73d Cong., 2d Sess., 78 Cong. Rec. 4934, 4949.

The members of the Committee have clearly demonstrated that they did not feel themselves restricted in any way to propaganda in the narrow sense of the word. n40

[*203] Unquestionably the Committee conceived of its task in the grand view of its name. Un-American activities were its target, no matter how **[***44]** or where manifested. Notwithstanding the broad purview of the Committee's experience, the House of Representatives repeatedly approved its continuation. Five times it extended the life of the special committee. n41 Then it made the group a standing committee of the House. n42 A year later, the Committee's charter was embodied in the Legislative Reorganization Act. n43 On five occasions, at the beginning of sessions of Congress, it has made the authorizing resolution part of the rules of the House. n44 On innumerable occasions, it has passed appropriation bills to allow the Committee to continue its efforts.

n40 In 1947, Judge Charles E. Clark, now Chief Judge of the Court of Appeals for the Second Circuit, wrote about the Committee: "Suffice it to say here that its range of activity has covered all varieties of organizations, including the American Civil Liberties Union, the C.I.O., the National Catholic Welfare Conference, the Farmer-Labor party, the Federal Theatre Project, consumers' organizations, various publications from the magazine 'Time' to the 'Daily Worker,' and varying forms and types

of industry, of which the recent investigation of the movie industry is fresh in the public mind. While it has avoided specific definition of what it is seeking, it has repeatedly inquired as to membership in the Communist party and in other organizations which it regards as communist controlled or affected." *United States v. Josephson, 165 F. 2d 82, 95* (dissent). See also the dissenting opinion of Judge Henry W. Edgerton, now Chief Judge of the Court of Appeals for the District of Columbia Circuit, in *Barsky v. United States, 83 U.S. App. D.C. 127, at 143, 167 F. 2d 241, at 257.*

[***45]

n41 H. Res. 26, 76th Cong., 1st Sess., 84 Cong. Rec. 1098, 1127-1128; H. Res. 321, 76th Cong., 3d Sess., 86 Cong. Rec. 572, 604-605; H. Res. 90, 77th Cong., 1st Sess., 87 Cong. Rec. 886, 899; H. Res. 420, 77th Cong., 2d Sess., 88 Cong. Rec. 2282, 2297; H. Res. 65, 78th Cong., 1st Sess., 89 Cong. Rec. 795, 809-810.

n42 91 Cong. Rec. 10, 15.

n43 60 Stat. 812, 828.

n44 H. Res. 5, 80th Cong., 1st Sess., 93 Cong. Rec. 38; H. Res. 5, 81st Cong., 1st Sess., 95 Cong. Rec. 10; H. Res. 7, 82d Cong., 1st Sess., 97 Cong. Rec. 17, 19; H. Res. 5, 83d Cong., 1st Sess., 99 Cong. Rec. 15; H. Res. 5, 84th Cong., 1st Sess., 101 Cong. Rec. 11.

Combining the language of the resolution with the construction it has been given, it is evident that the preliminary control of the Committee exercised by the House [*204] of Representatives is slight or non-existent. No one could reasonably deduce from the charter the kind of investigation that the Committee was directed to make. As a result, [**1188] we are asked to engage in a process of retroactive rationalization. Looking backward from the events that transpired, [***46] we are asked to uphold the Committee's actions unless it appears that they were clearly not authorized by the charter. As a corollary to this inverse approach, the Government urges that we must view the matter hospitably to the power of the Congress -- that if there is any legislative purpose which might have been furthered by the kind of disclosure sought, the witness must be punished for withholding it. No doubt every reasonable indulgence of legality must be accorded to the actions of a coordinate branch of our Government. But such deference cannot yield to an unnecessary and unreasonable dissipation of precious constitutional freedoms.

The Government contends that the public interest at the core of the investigations of the Un-American Activities Committee is the need by the Congress to be informed of efforts to overthrow the Government by force and violence so that adequate legislative safeguards can be erected. From this core, however, the Committee can radiate outward infinitely to any topic thought to be related in some way to armed insurrection. The outer reaches of this domain are known only by the content of "un-American activities." Remoteness of subject can be [***47] aggravated by a probe for a depth of detail even farther removed from any basis of legislative action. A third dimension is added when the investigators turn their attention to the past to collect minutiae on remote topics, on the hypothesis that the past may reflect upon the present.

The consequences that flow from this situation are manifold. In the first place, a reviewing court is unable [*205] to make the kind of judgment made by the Court in *United States v. Rumely, supra.* The Committee is allowed, in essence, to define its own authority, to choose the direction and focus of its activities. In deciding what to do with the power that has been conferred upon them, members of the Committee may act pursuant to motives that seem to them to be the highest. Their decisions, nevertheless, can lead to ruthless exposure of private lives in order to gather data that is neither desired by the Congress nor useful to it. Yet it is impossible in this circumstance, with constitutional freedoms in jeopardy, to declare that the Committee has ranged beyond the area committed to it by its parent assembly because the boundaries are so nebulous.

More important and more fundamental [***48] than that, however, it insulates the House that has authorized the investigation from the witnesses who are subjected to the sanctions of compulsory process. There is a wide gulf between the responsibility for the use of investigative power and the actual exercise of that power. This is an especially vital consideration in assuring respect for constitutional liberties. Protected freedoms should not be placed in danger in the absence of a clear determination by the House or the Senate that a particular inquiry is justified by a specific legislative need.

It is, of course, not the function of this Court to prescribe rigid rules for the Congress to follow in drafting resolutions establishing investigating committees. That is a matter peculiarly within the realm of the legislature, and its decisions will be accepted by the courts up to the point where their own duty to enforce the constitutionally protected rights of individuals is affected. An excessively broad charter, like that of the House Un-American Activities Committee, places the courts in an untenable position if they are to strike a balance between

the public need for a particular interrogation and the right of **[*206]** **[***49]** citizens to carry on their affairs free from unnecessary governmental interference. It is impossible in such a situation to ascertain whether any legislative purpose justifies the disclosures sought and, if so, the importance of that information to the Congress in furtherance of its legislative **[**1189]** function. The reason no court can make this critical judgment is that the House of Representatives itself has never made it. Only the legislative assembly initiating an investigation can assay the relative necessity of specific disclosures.

Absence of the qualitative consideration of petitioner's questioning by the House of Representatives aggravates a serious problem, revealed in this case, in the relationship of congressional investigating committees and the witnesses who appear before them. Plainly these committees are restricted to the missions delegated to them, i.e., to acquire certain data to be used by the House or the Senate in coping with a problem that falls within its legislative sphere. No witness can be compelled to make disclosures on matters outside that area. This is a jurisdictional concept of pertinency drawn from the nature of a congressional committee's source **[***50]** of authority. It is not wholly different from nor unrelated to the element of pertinency embodied in the criminal statute under which petitioner was prosecuted. When the definition of jurisdictional pertinency is as uncertain and wavering as in the case of the Un-American Activities Committee, it becomes extremely difficult for the Committee to limit its inquiries to statutory pertinency.

Since World War II, the Congress has practically abandoned its original practice of utilizing the coercive sanction of contempt proceedings at the bar of the House. The sanction there imposed is imprisonment by the House until the recalcitrant witness agrees to testify or disclose the matters sought, provided that the incarceration does **[*207]** not extend beyond adjournment. The Congress has instead invoked the aid of the federal judicial system in protecting itself against contumacious conduct. It has become customary to refer these matters to the United States Attorneys for prosecution under criminal law.

The appropriate statute is found in *2 U.S.C. § 192.* It provides:

"Every person who having been summoned as a witness by the authority of either House of Congress to give testimony **[***51]** or to produce papers upon any matter under inquiry before either House, or any joint committee established by a joint or concurrent resolution of the two Houses of Congress, or any committee of either House of Congress, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the question under inquiry, shall be deemed guilty of a misdemeanor, punishable by a fine of not more than $ 1,000 nor less than $ 100 and imprisonment in a common jail for not less than one month nor more than twelve months." n45

n45 This statute was passed in 1857 as a direct result of an incident which caused the Congress to feel that it needed more severe sanctions to compel disclosures than were available in the historical procedure of summoning the recalcitrant witness before the bar of either House of Congress and ordering him held in custody until he agreed to testify. Such imprisonment is valid only so long as the House remains in session. See *Anderson v. Dunn, 6 Wheat. 204, 231;* Eberling, Congressional Investigations, 180-184.

The immediate cause for adoption of the statute was an accusation by one J. W. Simonton, a newspaperman, that certain unnamed Congressmen were soliciting bribes on a matter pending before the legislature. Simonton was cited before the House of Representatives and refused to divulge the names of those implicated. In the course of that episode, the forerunner of *2 U.S.C. § 192* was passed in order ". . . to inflict a greater punishment than the committee believe the House possesses the power to inflict." Cong. Globe, 34th Cong., 3d Sess. 405. See also id., at 403-413, 426-433, 434-445. Thereafter, having been in custody more than two weeks, Simonton testified to the satisfaction of the committee and was discharged. 3 Hinds' Precedents § 1669.

[*52]**

[*208] In fulfillment of their obligation under this statute, the courts **[**1190]** must accord to the defendants every right which is guaranteed to defendants in all other criminal cases. Among these is the right to have available, through a sufficiently precise statute, information revealing the standard of criminality before the commission of the alleged offense. n46 Applied to persons prosecuted under § 192, this raises a special problem in that the statute defines the crime as refusal to answer "any question pertinent to the question under inquiry." Part of the standard of criminality, therefore, is the pertinency of the questions propounded to the witness. n47

n46 *United States v. Harriss, 347 U.S. 612; United States v. Cardiff, 344 U.S. 174; Winters v.*

New York, 333 U.S. 507; Musser v. Utah, 333 U.S. 95; Lanzetta v. New Jersey, 306 U.S. 451.

n47 *United States v. Orman, 207 F. 2d 148; Bowers v. United States, 202 F. 2d 447; United States v. Kamin, 135 F. Supp. 382, 136 F. Supp. 791.*

[***53]

The problem attains proportion when viewed from the standpoint of the witness who appears before a congressional committee. He must decide at the time the questions are propounded whether or not to answer. As the Court said in *Sinclair v. United States, 279 U.S. 263,* the witness acts at his peril. He is ". . . bound rightly to construe the statute." *Id., at 299.* An erroneous determination on his part, even if made in the utmost good faith, does not exculpate him if the court should later rule that the questions were pertinent to the question under inquiry.

It is obvious that a person compelled to make this choice is entitled to have knowledge of the subject to [*209] which the interrogation is deemed pertinent. That knowledge must be available with the same degree of explicitness and clarity that the Due Process Clause requires in the expression of any element of a criminal offense. The "vice of vagueness" n48 must be avoided here as in all other crimes. There are several sources that can outline the "question under inquiry" in such a way that the rules against vagueness are satisfied. The authorizing resolution, the remarks of the chairman or members of [***54] the committee, or even the nature of the proceedings themselves, might sometimes make the topic clear. This case demonstrates, however, that these sources often leave the matter in grave doubt.

n48 *United States v. Josephson, 165 F. 2d 82, 88.*

The first possibility is that the authorizing resolution itself will so clearly declare the "question under inquiry" that a witness can understand the pertinency of questions asked him. The Government does not contend that the authorizing resolution of the Un-American Activities Committee could serve such a purpose. Its confusing breadth is amply illustrated by the innumerable and diverse questions into which the Committee has inquired under this charter since 1938. If the "question under inquiry" were stated with such sweeping and uncertain scope, we doubt that it would withstand an attack on the ground of vagueness.

That issue is not before us, however, in light of the Government's position that the immediate subject under inquiry before the Subcommittee interviewing [***55] petitioner was only one aspect of the Committee's authority to investigate un-American activities. Distilling that single topic from the broad field is an extremely difficult task upon the record before us. There was an opening [**1191] statement by the Committee Chairman at the outset of the [*210] hearing, but this gives us no guidance. In this statement, the Chairman did no more than paraphrase the authorizing resolution and give a very general sketch of the past efforts of the Committee. n49

n49 "The committee will be in order. I should like to make an opening statement regarding our work here in the city of Chicago. The Congress of the United States, realizing that there are individuals and elements in this country whose aim it is to subvert our constitutional form of government, has established the House Committee on Un-American Activities. In establishing this committee, the Congress has directed that we must investigate and hold hearings, either by the full committee or by a subcommittee, to ascertain the extent and success of subversive activities directed against these United States.

"On the basis of these investigations and hearings, the Committee on Un-American Activities reports its findings to the Congress and makes recommendations from these investigations and hearings for new legislation. As a result of this committee's investigations and hearings, the Internal Security Act of 1950 was enacted.

"Over the past fifteen years this committee has been in existence, both as a special and permanent committee, it has made forty-seven recommendations to the Congress to insure proper security against subversion. I am proud to be able to state that of these forty-seven recommendations, all but eight have been acted upon in one way or another. Among these recommendations which the Congress has not acted upon are those which provide that witnesses appearing before congressional committees be granted immunity from prosecution on the information they furnish.

"The committee has also recommended that evidence secured from confidential devices be admissible in cases involving the national security. The executive branch of Government has now also asked the Congress for such legislation. A study is now being made of various bills dealing with this matter.

"The Congress has also referred to the House Committee on Un-American Activities a bill which

would amend the National Security Act of 1950. This bill, if enacted into law, would provide that the Subversive Activities Control Board should, after suitable hearings and procedures, be empowered to find if certain labor organizations are in fact Communist-controlled action groups. Following this action, such labor groups would not have available the use of the National Labor Relations Board as they now have under the provisions of the Labor-Management Relations Act of 1947.

"During the first session of this 83rd Congress, the House Un-American Activities Committee has held hearings in Los Angeles and San Francisco, California; Albany and New York City, New York; Philadelphia, Pennsylvania, and Columbus, Ohio. We are here in Chicago, Illinois, realizing that this is the center of the great midwestern area of the United States.

"It cannot be said that subversive infiltration has had a greater nor a lesser success in infiltrating this important area. The hearings today are the culmination of an investigation that has been conducted by the committee's competent staff and is a part of the committee's intention for holding hearings in various parts of the country.

"The committee has found that by conducting its investigations and holding hearings in various parts of the country, it has been able to secure a fuller and more comprehensive picture of subversive efforts throughout our nation. Every witness who has been subpoenaed to appear before the committee here in Chicago, as in all hearings conducted by this committee, are [sic] known to possess information which will assist the committee in performing its directed function to the Congress of the United States." (R. 43-44; Hearing, supra, note 2, Part 1, at 4165-4166.)

[*56]**

[*211] No aid is given as to the "question under inquiry" in the action of the full Committee that authorized the creation of the Subcommittee before which petitioner appeared. The Committee adopted a formal resolution giving the Chairman the power to appoint subcommittees ". . . for the purpose of performing any and all acts which the Committee as a whole is authorized to do." n50 In effect, this was a device to enable the **[**1192]** investigations to proceed with a quorum of one or two members and **[*212]** sheds no light on the relevancy of the questions asked of petitioner. n51

n50 The Committee convened in executive session on January 22, 1953, and adopted the following resolution:

"BE IT RESOLVED, that the Chairman shall have authority from time to time to appoint subcommittees composed of one or more members of the Committee on Un-American Activities for the purpose of performing any and all acts which the Committee as a whole is authorized to do." (R. 91.)

n51 The original resolution authorizing subcommittees was amended on March 3, 1954, to require any subcommittee to consist of at least three members, two of whom could constitute a quorum. (R. 92.)

Petitioner appeared before a subcommittee composed at the outset of four members. After a recess in the course of his testimony, only two committeemen were present. It was during this latter phase of his testimony that petitioner refused to answer the questions involved in this case.

[*57]**

The Government believes that the topic of inquiry before the Subcommittee concerned Communist infiltration in labor. In his introductory remarks, the Chairman made reference to a bill, then pending before the Committee, n52 which would have penalized labor unions controlled or dominated by persons who were, or had been, members of a "Communist-action" organization, as defined **[*213]** in the Internal Security Act of 1950. The Subcommittee, it is contended, might have been endeavoring to determine the extent of such a problem.

n52 The bill pending at the time of the Chairman's remarks, March 15, 1954, and when petitioner testified a month later was H.R. 7487, 100 Cong. Rec. 763. No action was ever taken on this proposal. Introduced by Representative Velde, it would have withdrawn the rights, privileges and benefits under the National Labor Relations Act of any labor organization which was substantially directed, dominated or controlled by persons who were or ever had been members of a "Communist-action organization," as that phrase is used in the Internal Security Act.

On July 6, 1954, after extensive hearings, the Senate Judiciary Committee reported favorably on S. 3706, a bill drafted by that committee to amend the Internal Security Act. Two days later, Representative Velde introduced H.R. 9838, which was identical to S. 3706. These bills eventually be-

came law. 68 Stat. 775. The Act created the concept of a "Communist infiltrated organization," and part of its provisions declared that a labor union that came within that definition should be barred from the rights, privileges and benefits of the National Labor Relations Act. The same sanctions were applied to a labor group that was a "Communist-action" or "Communist-front organization" under the original Internal Security Act.

[*58]**

This view is corroborated somewhat by the witnesses who preceded and followed petitioner before the Subcommittee. Looking at the entire hearings, however, there is strong reason to doubt that the subject revolved about labor matters. The published transcript is entitled: Investigation of Communist Activities in the Chicago Area, and six of the nine witnesses had no connection with labor at all. n53

n53 The first four witnesses testified principally about the Communist Party activities of an employee of the National Cancer Institute of the United States Public Health Service. A Chicago attorney related to the Subcommittee his experiences with Communist youth organizations during his college days. The sixth witness told of her work as a district organizer for the Communist Party in Montana, Wyoming, Idaho and the Dakotas during the 1930's.

The most serious doubts as to the Subcommittee's "question under inquiry," however, stem from the precise questions that petitioner has been charged with refusing to answer. **[***59]** Under the terms of the statute, after all, it is these which must be proved pertinent. Petitioner is charged with refusing to tell the Subcommittee whether or not he knew that certain named persons had been members of the Communist Party in the past. The Subcommittee's counsel read the list from the testimony of a **[**1193]** previous witness who had identified them as Communists. Although this former witness was identified with labor, he had not stated that the persons he named were involved in union affairs. Of the thirty names propounded to petitioner, seven were completely unconnected with organized labor. One operated a beauty parlor. Another was a watchmaker. Several were identified as "just citizens" or "only Communists." When **[*214]** almost a quarter of the persons on the list are not labor people, the inference becomes strong that the subject before the Subcommittee was not defined in terms of Communism in labor.

The final source of evidence as to the "question under inquiry" is the Chairman's response when petitioner objected to the questions on the grounds of lack of pertinency. The Chairman then announced that the Subcommittee was investigating "subversion and subversive **[***60]** propaganda." n54 This is a subject at least as broad and indefinite as the authorizing resolution of the Committee, if not more so.

n54 "This committee is set up by the House of Representatives to investigate subversion and subversive propaganda and to report to the House of Representatives for the purpose of remedial legislation.

"The House of Representatives has by a very clear majority, a very large majority, directed us to engage in that type of work, and so we do, as a committee of the House of Representatives, have the authority, the jurisdiction, to ask you concerning your activities in the Communist Party, concerning your knowledge of any other persons who are members of the Communist Party or who have been members of the Communist Party, and so, Mr. Watkins, you are directed to answer the question propounded to you by counsel." (R. 86; Hearings, supra, note 2, Part 3, at 4275-4276.)

Having exhausted the several possible indicia of the "question under inquiry," we remain unenlightened as to the subject **[***61]** to which the questions asked petitioner were pertinent. Certainly, if the point is that obscure after trial and appeal, it was not adequately revealed to petitioner when he had to decide at his peril whether or not to answer. Fundamental fairness demands that no witness be compelled to make such a determination with so little guidance. Unless the subject matter has been made to appear with undisputable clarity, it is the duty of the investigative body, upon objection of the witness on grounds of pertinency, to state for the record the subject **[*215]** under inquiry at that time and the manner in which the propounded questions are pertinent thereto. n55 To be meaningful, the explanation must describe what the topic under inquiry is and the connective reasoning whereby the precise questions asked relate to it.

n55 Cf. *United States v. Kamin, 136 F. Supp. 791, 800.*

The statement of the Committee Chairman in this case, in response to petitioner's protest, was woefully inade-

quate to convey sufficient information [***62] as to the pertinency of the questions to the subject under inquiry. Petitioner was thus not accorded a fair opportunity to determine whether he was within his rights in refusing to answer, and his conviction is necessarily invalid under the Due Process Clause of the Fifth Amendment.

We are mindful of the complexities of modern government and the ample scope that must be left to the Congress as the sole constitutional depository of legislative power. Equally mindful are we of the indispensable function, in the exercise of that power, of congressional investigations. The conclusions we have reached in this case will not prevent the Congress, through its committees, from obtaining any information it needs for the proper fulfillment of its role in our scheme of government. The legislature is free to determine the kinds of data that should be collected. It is only those investigations that are conducted by use of compulsory [**1194] process that give rise to a need to protect the rights of individuals against illegal encroachment. That protection can be readily achieved through procedures which prevent the separation of power from responsibility and which provide the constitutional requisites [***63] of fairness for witnesses. A measure of added care on the part of the House and the Senate in authorizing the use of compulsory process and by their committees in exercising that power would suffice.

[*216] That is a small price to pay if it serves to uphold the principles of limited, constitutional government without constricting the power of the Congress to inform itself.

The judgment of the Court of Appeals is reversed, and the case is remanded to the District Court with instructions to dismiss the indictment.

It is so ordered.

MR. JUSTICE BURTON and MR. JUSTICE WHITTAKER took no part in the consideration or decision of this case.

CONCURBY: FRANKFURTER

CONCUR: MR. JUSTICE FRANKFURTER, concurring.

I deem it important to state what I understand to be the Court's holding. Agreeing with its holding, I join its opinion.

The power of the Congress to punish for contempt of its authority is, as the Court points out, rooted in history. It has been acknowledged by this Court since 1821. *Anderson v. Dunn, 6 Wheat. 204.* Until 1857, Congress was content to punish for contempt through its own process. By the Act of January 24, 1857, 11 Stat. 155, as amended by the Act of January [***64] 24, 1862, 12 Stat. 333, Congress provided that, "in addition to the pains and penalties now existing" (referring of course to the power of Congress itself to punish for contempt), "contumacy in a witness called to testify in a matter properly under consideration by either House, and deliberately refusing to answer questions pertinent thereto, shall be a misdemeanor against the United States." *In re Chapman, 166 U.S. 661, 672.* This legislation is now *2 U.S.C. § 192.* By thus making the federal judiciary the affirmative agency for enforcing the authority that underlies the congressional power to punish for contempt, Congress necessarily brings into play the specific provisions of the Constitution relating to the prosecution of offenses and those implied restrictions under which courts function.

[*217] To turn to the immediate problem before us, the scope of inquiry that a committee is authorized to pursue must be defined with sufficiently unambiguous clarity to safeguard a witness from the hazards of vagueness in the enforcement of the criminal process against which the Due Process Clause protects. The questions must be put with relevance and definiteness sufficient to enable [***65] the witness to know whether his refusal to answer may lead to conviction for criminal contempt and to enable both the trial and the appellate courts readily to determine whether the particular circumstances justify a finding of guilt.

While implied authority for the questioning by the Committee, sweeping as was its inquiry, may be squeezed out of the repeated acquiescence by Congress in the Committee's inquiries, the basis for determining petitioner's guilt is not thereby laid. Prosecution for contempt of Congress presupposes an adequate opportunity for the defendant to have awareness of the pertinency of the information that he has denied to Congress. And the basis of such awareness must be contemporaneous with the witness' refusal to answer and not at the trial for it. Accordingly, the actual scope of the inquiry that the Committee was authorized to conduct and the relevance [**1195] of the questions to that inquiry must be shown to have been luminous at the time when asked and not left, at best, in cloudiness. The circumstances of this case were wanting in these essentials.

DISSENTBY: CLARK

DISSENT: MR. JUSTICE CLARK, dissenting.

As I see it the chief fault in the majority opinion is its mischievous [***66] curbing of the informing function

of the Congress. While I am not versed in its procedures, my experience in the Executive Branch of the Government leads me to believe that the requirements laid down in the opinion for the operation of the committee system of [*218] inquiry are both unnecessary and unworkable. It is my purpose to first discuss this phase of the opinion and then record my views on the merits of Watkins' case.

I.

It may be that at times the House Committee on Un-American Activities has, as the Court says, "conceived of its task in the grand view of its name." And, perhaps, as the Court indicates, the rules of conduct placed upon the Committee by the House admit of individual abuse and unfairness. But that is none of our affair. So long as the object of a legislative inquiry is legitimate and the questions propounded are pertinent thereto, it is not for the courts to interfere with the committee system of inquiry. To hold otherwise would be an infringement on the power given the Congress to inform itself, and thus a trespass upon the fundamental American principle of separation of powers. The majority has substituted the judiciary as the grand inquisitor [***67] and supervisor of congressional investigations. It has never been so.

II.

Legislative committees to inquire into facts or conditions for assurance of the public welfare or to determine the need for legislative action have grown in importance with the complexity of government. The investigation that gave rise to this prosecution is of the latter type. Since many matters requiring statutory action lie in the domain of the specialist or are unknown without testimony from informed witnesses, the need for information has brought about legislative inquiries that have used the compulsion of the subpoena to lay bare needed facts and a statute, *2 U.S.C. § 192* here involved, to punish recalcitrant witnesses. The propriety of investigations has long been recognized and rarely curbed by the courts, though [*219] constitutional limitations on the investigatory powers are admitted. n1 The use of legislative committees to secure information follows the example of the people from whom our legislative system is derived. The British method has variations from that of the United States but fundamentally serves the same purpose -- the enlightenment of Parliament for the better performance [***68] of its duties. There are standing committees to carry on the routine work, royal commissions to grapple with important social or economic problems, and special tribunals of inquiry for some alleged offense in government. n2 Our Congress has since its beginning used the committee system to inform itself. It has been estimated that over 600 investigations have been conducted since the First Congress. They are "a necessary and appropriate [**1196] attribute of the power to legislate . . . ." *McGrain v. Daugherty, 273 U.S. 135, 175 (1927).*

n1 *United States v. Rumely, 345 U.S. 41 (1953); Sinclair v. United States, 279 U.S. 263 (1929); Reed v. County Commissioners, 277 U.S. 376 (1928); McGrain v. Daugherty, 273 U.S. 135 (1927);* Landis, Constitutional Limitations on the Congressional Power of Investigation, *40 Harv. L. Rev. 153 (1926).*

n2 Symposium on Congressional Investigations, 18 U. of Chi. L. Rev. 421, Finer, The British System, 521, 532, 554, 561 (1951).

The Court indicates [***69] that in this case the source of the trouble lies in the "tremendous latitude" given the Un-American Activities Committee in the Legislative Reorganization Act. n3 It finds that the Committee "is [*220] allowed, in essence, to define its own authority, [and] to choose the direction and focus of its activities." This, of course, is largely true of all committees within their respective spheres. And, while it is necessary that the "charter," as the opinion calls the enabling resolution, "spell out [its] jurisdiction and purpose," that must necessarily be in more or less general terms. An examination of the enabling resolutions of other committees reveals the extent to which this is true.

n3 The Committee originated in 1938 under H. Res. 282, 75th Cong., 3d Sess., 83 Cong. Rec. 7568, and was patterned after a resolution of 1934 authorizing the investigation of Nazi propaganda. H. Res. 198, 73d Cong., 2d Sess., 78 Cong. Rec. 4934. The resolution read much the same as the present authority of the Committee which is quoted below. By a succession of House Resolutions (H. Res. 26, 76th Cong., 1st Sess., 84 Cong. Rec. 1098; H. Res. 321, 76th Cong., 3d Sess., 86 Cong. Rec. 572; H. Res. 90, 77th Cong., 1st Sess., 87 Cong. Rec. 886; H. Res. 420, 77th Cong., 2d Sess., 88 Cong. Rec. 2282; H. Res. 65, 78th Cong., 1st Sess., 89 Cong. Rec. 795) the Committee continued in existence until in 1945, by amendment of the House Rules, it was made a standing committee. 91 Cong. Rec. 10, 15. The Legislative Reorganization Act of 1946 retained it as one of the standing committees and provided:

"All proposed legislation, messages, petitions, memorials, and other matters relating to the subjects listed under the standing committees named below

shall be referred to such committees, respectively: . . ."

"(q) . . . (2) The Committee on Un-American Activities, as a whole or by subcommittee, is authorized to make from time to time investigations of (i) the extent, character, and objects of un-American propaganda activities in the United States, (ii) the diffusion within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of government as guaranteed by our Constitution, and (iii) all other questions in relation thereto that would aid Congress in any necessary remedial legislation." 60 Stat. 823, 828.

The Committee is authorized to sit and act at any time, anywhere in the United States and to require the attendance of witnesses and the production of books and papers. A resolution of the Eighty-third Congress adopted the Rules of the previous Congresses as amended by the Legislative Reorganization Act of 1946. H. Res. 5, 83d Cong., 1st Sess., 99 Cong. Rec. 15, 16, 18, 24.

[***70]

Permanent or standing committees of both Houses have been given power in exceedingly broad terms. For example, the Committees on the Armed Services have jurisdiction over "Common defense generally"; n4 the Committees on Interstate and Foreign Commerce have [*221] jurisdiction over "Interstate and foreign commerce generally"; n5 and the Committees on Appropriation have jurisdiction over "Appropriation of the revenue for the support of the Government." n6 Perhaps even more important for purposes of comparison are the broad authorizations given to select or special committees established by the Congress from time to time. Such committees have been "authorized and directed" to make full and complete studies "of whether organized crime utilizes the facilities of interstate commerce or otherwise operates in interstate commerce"; n7 "of . . . [**1197] all lobbying activities intended to influence, encourage, promote, or retard legislation"; n8 "to determine the extent to which current [*222] literature . . . containing immoral, [or] obscene . . . matter, or placing improper emphasis on crime . . . are being made available to the people of the United States . . ."; n9 [***71] and "of the extent to which criminal or other improper practices . . . are, or have been, engaged in in the field of labor-management relations . . . to the detriment of the interests of the public . . . ." n10 (Emphasis added in each example.) Surely these authorizations permit the committees even more "tremendous latitude" than the "charter" of the Un-American Activities Committee. Yet no one has suggested that the powers granted were too broad. To restrain and limit the breadth of investigative power of this Committee necessitates the similar handling of all other committees. The resulting restraint imposed on the committee system appears to cripple the system beyond workability.

n4 60 Stat. 815, 824.

n5 60 Stat. 817, 826.

n6 60 Stat. 815, 824.

n7 S. Res. 202, 81st Cong., 2d Sess., in pertinent part provides:

"authorized and directed to make a full and complete study and investigation of whether organized crime utilizes the facilities of interstate commerce or otherwise operates in interstate commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations by which such utilization is being made, what facilities are being used, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of law of the United States or of the laws of any State: Provided, however, That nothing contained herein shall authorize (1) the recommendation of any change in the laws of the several States relative to gambling, or (2) any possible interference with the rights of the several States to prohibit, legalize, or in any way regulate gambling within their borders."

[***72]

n8 H. Res. 298, 81st Cong., 1st Sess., in pertinent part provides:

"authorized and directed to conduct a study and investigation of (1) all lobbying activities intended to influence, encourage, promote, or retard legislation; and (2) all activities of agencies of the Federal Government intended to influence, encourage, promote, or retard legislation."

n9 H. Res. 596, 82d Cong., 2d Sess., in pertinent part provides:

"authorized and directed to conduct a full and complete investigation and study (1) to determine the extent to which current literature -- books, magazines, and comic books -- containing immoral, obscene, or

otherwise offense matter, or placing improper emphasis on crime, violence, and corruption, are being made available to the people of the United States through the United States mails and otherwise; and (2) to determine the adequacy of existing law to prevent the publication and distribution of books containing immoral, offensive, and other undesirable matter."

n10 S. Res. 74, 85th Cong., 1st Sess., in pertinent part provides:

"authorized and directed to conduct an investigation and study of the extent to which criminal or other improper practices or activities are, or have been, engaged in in the field of labor-management relations or in groups or organizations of employees or employers to the detriment of the interests of the public, employers or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities."

[***73]

The Court finds fault with the use made of compulsory process, power for the use of which is granted the Committee [*223] in the Reorganization Act. While the Court finds that the Congress is free "to determine the kinds of data" it wishes its committees to collect, this has led, the Court says, to an encroachment on individual rights through the abuse of process. To my mind this indicates a lack of understanding of the problems facing such committees. I am sure that the committees would welcome voluntary disclosure. It would simplify and relieve their burden considerably if the parties involved in investigations would come forward with a frank willingness to cooperate. But everyday experience shows this just does not happen. One needs only to read the newspapers to know that the Congress could gather little "data" unless its committees had, unfettered, the power of subpoena. In [**1198] fact, Watkins himself could not be found for appearance at the first hearing and it was only by subpoena that he attended the second. The Court generalizes on this crucial problem saying "added care on the part of the House and the Senate in authorizing the use of compulsory process and by their [***74] committees in exercising that power would suffice." It does not say how this "added care" could be applied in practice; however, there are many implications since the opinion warns that "procedures which prevent the separation of power from responsibility" would be necessary along with "constitutional requisites of fairness for witnesses." The "power" and "responsibility" for the investigations are, of course, in the House where the proceeding is initiated. But the investigating job itself can only be done through the use of committees. They must have the "power" to force compliance with their requirements. If the rule requires that this power be retained in the full House then investigations will be so cumbrous that their conduct will be a practical impossibility. As to "fairness for witnesses" there is nothing in the record showing any abuse of Watkins. If anything, the Committee was abused by his recalcitrance.

[*224] While ambiguity prevents exactness (and there is "vice in vagueness" the majority reminds), the sweep of the opinion seems to be that "preliminary control" of the Committee must be exercised. The Court says a witness' protected freedoms cannot "be placed [***75] in danger in the absence of a clear determination by the House or the Senate that a particular inquiry is justified by a specific legislative need." Frankly I do not see how any such procedure as "preliminary control" can be effected in either House of the Congress. What will be controlled preliminarily? The plans of the investigation, the necessity of calling certain witnesses, the questions to be asked, the details of subpoenas duces tecum, etc.? As it is now, Congress is hard pressed to find sufficient time to fully debate and adopt all needed legislation. The Court asserts that "the Congress has practically abandoned its original practice of utilizing the coercive sanction of contempt proceedings at the bar of the House." This was to be expected. It may be that back in the twenties and thirties Congress could spare the time to conduct contempt hearings, but that appears impossible now. The Court places a greater burden in the conduct of contempt cases before the courts than it does before "the bar of the House." It cites with approval cases of contempt tried before a House of the Congress where no more safeguards were present than we find here. In contempt prosecutions [***76] before a court, however, the majority places an investigative hearing on a par with a criminal trial, requiring that "knowledge of the subject to which the interrogation is deemed pertinent . . . must be available [to the witness] with the same degree of explicitness and clarity that the Due Process Clause requires in the expression of any element of a criminal offense." I know of no such claim ever being made before. Such a requirement has never been thought applicable to investigations and is wholly out of place when related to the informing function [*225] of the Congress. See Frankfurter, Hands Off The Investigations, 38 New Republic, May 21, 1924, p. 329, 65 Cong. Rec. 9080-9082. The Congress does not have the facts at the time of the investigation for it is the facts that are being sought. In a criminal trial the investigation has been completed and all of the facts are at hand. The informing function of the Congress is in ef-

fect "a study by the government of circumstances which seem to call for study in the public interest." See Black, Inside a Senate Investigation, 172 Harper's Magazine, Feb. 1936, pp. 275, 278. In the conduct of such a proceeding it is impossible [***77] to be as explicit and exact as in a criminal prosecution. If the Court is saying that its new rule does not apply to contempt cases tried before [**1199] the bar of the House affected, it may well lead to trial of all contempt cases before the bar of the whole House in order to avoid the restrictions of the rule. But this will not promote the result desired by the majority. Summary treatment, at best, could be provided before the whole House because of the time factor, and such treatment would necessarily deprive the witness of many of the safeguards in the present procedures. On review here the majority might then find fault with that procedure.

III.

Coming to the merits of Watkins' case, the Court reverses the judgment because: (1) The subject matter of the inquiry was not "made to appear with undisputable clarity" either through its "charter" or by the Chairman at the time of the hearing and, therefore, Watkins was deprived of a clear understanding of "the manner in which the propounded questions [were] pertinent thereto"; and (2) the present committee system of inquiry of the House, as practiced by the Un-American Activities Committee, does not provide adequate safeguards for the [***78] protection [*226] of the constitutional right of free speech. I subscribe to neither conclusion.

Watkins had been an active leader in the labor movement for many years and had been identified by two previous witnesses at the Committee's hearing in Chicago as a member of the Communist Party. There can be no question that he was fully informed of the subject matter of the inquiry. His testimony reveals a complete knowledge and understanding of the hearings at Chicago. There the Chairman had announced that the Committee had been directed "to ascertain the extent and success of subversive activities directed against these United States [and] On the basis of these investigations and hearings . . . [report] its findings to the Congress and [make] recommendations . . . for new legislation." He pointed to the various laws that had been enacted as a result of Committee recommendations. He stated that "The Congress has also referred to the House Committee on Un-American Activities a bill which would amend the National Security Act of 1950" which, if made law, would restrict the availability of the Labor Act to unions not "in fact Communist-controlled action groups." The Chairman went [***79] on to say that "It cannot be said that subversive infiltration has had a greater nor a lesser success in infiltrating this important area. The hearings today are the culmination of an investigation . . . . Every witness who has been subpoenaed to appear before the committee here in Chicago . . . [is] known to possess information which will assist the Committee in performing its directed function to the Congress of the United States."

A subpoena had issued for Watkins to appear at the Chicago hearings but he was not served. After Watkins was served the hearing in question was held in Washington, D.C. Reference at this hearing was made to the one conducted in Chicago. Watkins came before the [*227] Committee with a carefully prepared statement. He denied certain testimony of the previous witnesses and declared that he had never been a "card-carrying member" of the Party. He admitted that for the period 1942-1947 he "cooperated with the Communist Party . . . participated in Communist activities . . . made contributions . . . attended caucuses at [his union's] convention at which Communist Party officials were present . . . [and] freely cooperated with the Communist Party . [***80] . . ." This indicated that for a five-year period he, a union official, was cooperating closely with the Communist Party even permitting its officials to attend union caucuses. For the last two years of this liaison the Party had publicly thrown off its cloak of a political party. It was a reconstituted, militant group known to be dedicated to [**1200] the overthrow of our Government by force and violence. In this setting the Committee attempted to have Watkins identify 30 persons, most of whom were connected with labor unions in some way. While one "operated a beauty parlor" and another was "a watchmaker," they may well have been "drops" or other functionaries in the program of cooperation between the union and the Party. It is a non sequitur for the Court to say that since "almost a quarter of the persons on the list are not labor people, the inference becomes strong that the subject before the Subcommittee was not defined in terms of Communism in labor." I submit that the opposite is true.

IV.

I think the Committee here was acting entirely within its scope and that the purpose of its inquiry was set out with "undisputable clarity." In the first place, the authorizing language [***81] of the Reorganization Act n11 must be read as a whole, not dissected. It authorized investigation [*228] into subversive activity, its extent, character, objects, and diffusion. While the language might have been more explicit than using such words as "un-American," or phrases like "principle of the form of government," still these are fairly well understood

terms. We must construe them to give them meaning if we can. Our cases indicate that rather than finding fault with the use of words or phrases, we are bound to presume that the action of the legislative body in granting authority to the Committee was with a legitimate object "if [the action] is capable of being so construed." (Emphasis added.) *People ex rel. McDonald v. Keeler, 99 N.Y. 463, 487, 2 N.E. 615, 627-628 (1885)*, as quoted and approved in *McGrain v. Daugherty, supra, at 178*. Before we can deny the authority "it must be obvious that" the Committee has "exceeded the bounds of legislative power." *Tenney v. Brandhove, 341 U.S. 367, 378 (1951)*. The fact that the Committee has often been attacked has caused close scrutiny of its acts by the House as a whole and the House has repeatedly [***82] given the Committee its approval. "Power" and "responsibility" have not been separated. But the record in this case does not stop here. It shows that at the hearings involving Watkins, the Chairman made statements explaining the functions of the Committee. n12 And, furthermore, Watkins' action at the hearing [*229] clearly reveals that he was well acquainted with the purpose of the hearing. It was to investigate Communist infiltration into his union. This certainly falls within the grant of authority from the Reorganization Act and the House has had ample opportunity to limit the investigative scope of the Committee if it feels that the Committee has exceeded its legitimate bounds.

n11 See note 3, supra.

n12 See supra, at p. 226. See also the statement by Congressman Velde, Chairman of the Committee on Un-American Activities, April 29, 1954, at Washington, D.C., where Mr. Velde stated, inter alia: "This committee is set up by the House of Representatives to investigate subversion and subversive propaganda and to report to the House of Representatives for the purpose of remedial legislation.

"The House of Representatives has by a very clear majority, a very large majority, directed us to engage in that type of work, and so we do, as a committee of the House of Representatives, have the authority, the jurisdiction, to ask you concerning your activities in the Communist Party, concerning your knowledge of any other persons who are members of the Communist Party or who have been members of the Communist Party, and so, Mr. Watkins, you are directed to answer the question propounded to you by counsel."

[***83]

The Court makes much of petitioner's claim of "exposure for exposure's sake" and strikes at the purposes of the Committee through this catch phrase. But we are bound to accept as the purpose of the Committee that stated in the Reorganization Act together with the statements [**1201] of the Chairman at the hearings involved here. Nothing was said of exposure. The statements of a single Congressman cannot transform the real purpose of the Committee into something not authorized by the parent resolution. See *United States v. Rumely, 345 U.S. 41 (1953); Sinclair v. United States, 279 U.S. 263, 290, 295 (1929)*. The Court indicates that the questions propounded were asked for exposure's sake and had no pertinency to the inquiry. It appears to me that they were entirely pertinent to the announced purpose of the Committee's inquiry. Undoubtedly Congress has the power to inquire into the subjects of communism and the Communist Party. *American Communications Assn. v. Douds, 339 U.S. 382 (1950)*. As a corollary of the congressional power to inquire into such subject matter, the Congress, through its committees, can legitimately seek to identify individual members of the [***84] Party. *Barsky v. United States, 83 U.S. App. D.C. 127, 167 F. 2d 241 (1948)*, cert. denied, *334 U.S. 843*. See also *Lawson v. United States, 85 U.S. App. D.C. 167, 170-171, 176 F. 2d 49, 52-53 (1949)*, [*230] cert. denied, *339 U.S. 934; United States v. Josephson, 165 F. 2d 82, 90-92 (1947)*, cert. denied, *333 U.S. 838*.

The pertinency of the questions is highlighted by the need for the Congress to know the extent of infiltration of communism in labor unions. This technique of infiltration was that used in bringing the downfall of countries formerly free but now still remaining behind the Iron Curtain. The Douds case illustrates that the Party is not an ordinary political party and has not been at least since 1945. Association with its officials is not an ordinary association. Nor does it matter that the questions related to the past. Influences of past associations often linger on as was clearly shown in the instance of the witness Matusow and others. The techniques used in the infiltration which admittedly existed here might well be used again in the future. If the parties about whom Watkins was interrogated were Communists and collaborated with [***85] him, as a prior witness indicated, an entirely new area of investigation might have been opened up. Watkins' silence prevented the Committee from learning this information which could have been vital to its future investigation. The Committee was likewise entitled to elicit testimony showing the truth or falsity of the prior testimony of the witnesses who had involved Watkins and the union with collaboration with the Party. If the testimony was untrue a false picture of the relationship between the union and the Party lead-

ers would have resulted. For these reasons there were ample indications of the pertinency of the questions.

V.

The Court condemns the long-established and long-recognized committee system of inquiry of the House because it raises serious questions concerning the protection it affords to constitutional rights. It concludes that compelling **[*231]** a witness to reveal his "beliefs, expressions or associations" impinges upon First Amendment rights. The system of inquiry, it says, must "insure that the Congress does not unjustifiably encroach upon an individual's right to privacy nor abridge his liberty of speech, press, religion or assembly." In effect the **[***86]** Court honors Watkins' claim of a "right to silence" which brings all inquiries, as we know, to a "dead end." I do not see how any First Amendment rights were endangered here. There is nothing in the First Amendment that provides the guarantees Watkins claims. That Amendment was designed to prevent attempts by law to curtail freedom of speech. *Whitney v. California, 274 U.S. 357, 375 (1927).* It forbids Congress from making any law **[**1202]** "abridging the freedom of speech, or of the press." It guarantees Watkins' right to join any organization and make any speech that does not have an intent to incite to crime. *Dennis v. United States, 341 U.S. 494 (1951).* But Watkins was asked whether he knew named individuals and whether they were Communists. He refused to answer on the ground that his rights were being abridged. What he was actually seeking to do was to protect his former associates, not himself, from embarrassment. He had already admitted his own involvement. He sought to vindicate the rights, if any, of his associates. It is settled that one cannot invoke the constitutional rights of another. *Tileston v. Ullman, 318 U.S. 44, 46 (1943).*

As already indicated, **[***87]** even if Watkins' associates were on the stand they could not decline to disclose their Communist connections on First Amendment grounds. While there may be no restraint by the Government of one's beliefs, the right of free belief has never been extended to include the withholding of knowledge of past events or transactions. There is no general privilege of silence. The First Amendment does not make speech or silence permissible to a person in such measure as he **[*232]** chooses. Watkins has here exercised his own choice as to when he talks, what questions he answers, and when he remains silent. A witness is not given such a choice by the Amendment. Remote and indirect disadvantages such as "public stigma, scorn and obloquy" may be related to the First Amendment, but they are not enough to block investigation. The Congress has recognized this since 1862 when it first adopted the contempt section, R.S. § 103, as amended, *2 U.S.C. § 193,* declaring that no witness before a congressional committee may refuse to testify "upon the ground that his testimony to such fact or his production of such paper may tend to disgrace him or otherwise render him infamous." See also *McGrain **[***88]** v. Daugherty, supra, at 179-180; United States v. Josephson, 165 F. 2d 82, 89 (1947),* cert. denied, *333 U.S. 838.* See also Report on Congressional Investigations, Assn. of the Bar of the City of New York, 3-4 (1948).

We do not have in this case unauthorized, arbitrary, or unreasonable inquiries and disclosures with respect to a witness' personal and private affairs so ably and properly denounced in the Sinclair case, supra, at 291-292. This inquiry is far different from the cases relied upon by the Court. There is no analogy to the case of Richard Thompson n13 involving the sermons of clergymen. It is not Floyd's n14 case involving criticism of the royal family. There is no resemblance to John Wilkes' struggle for a seat in Parliament. It is not Briggs n15 where the prosecutor sought to develop the national origin of policemen. It is not Kilbourn n16 involving a private real estate pool.

[*233] Nor is it Quinn, n17 Emspak, n18 or Bart, n19 involving the Fifth Amendment. It is not Rumely n20 involving the interpretation of a lobbying statute. Nor is this "a new **[**1203]** kind of congressional inquiry unknown in prior periods of American **[***89]** history . . . [i.e.] a broad scale intrusion into the lives and affairs of private citizens." As I see it only the setting is different. It involves new faces and new issues brought about by new situations which the Congress feels it is necessary to control in the public interest. The difficulties of getting information are identical if not greater. Like authority to that always used by the Congress is employed here and in the same manner so far as congressional procedures are concerned. We should afford to Congress the presumption that it takes every precaution possible to avoid unnecessary damage to reputations. Some committees have codes of procedure, and others use the executive hearing technique to this end. The record in this case shows no conduct on the part of the Un-American Activities Committee that justifies condemnation. That there may have been such occasions is not for us to consider here. Nor should we permit its past transgressions, if any, to lead to the rigid restraint of all congressional committees. To carry on its heavy responsibility the compulsion of truth that does not incriminate is not only necessary to the Congress but is permitted within the **[***90]** limits of the Constitution.

n13 Proceedings against *Richard Thompson, 8*

How. St. Tr. 2 (1680).

n14 See 1 De Lolme, The Rise and Progress of the English Constitution (1838), at 347-348.

n15 *Briggs v. Mackellar, 2 Abb. Pr. 30, 65 (N.Y. Common Pleas 1855).*

n16 *Kilbourn v. Thompson, 103 U.S. 168 (1881).*

n17 *Quinn v. United States, 349 U.S. 155 (1955).*

n18 *Emspak v. United States, 349 U.S. 190 (1955).*

n19 *Barr v. United States, 349 U.S. 219 (1955).*

n20 *United States v. Rumely, 345 U.S. 41 (1953).*

1ST CASE of Level 1 printed in FULL format.

McGRAIN v. DAUGHERTY

No. 28

SUPREME COURT OF THE UNITED STATES

273 U.S. 135; 47 S. Ct. 319; 1927 U.S. LEXIS 985; 71 L. Ed. 580; 50 A.L.R. 1

December 5, 1924, Argued

January 17, 1927, Decided

PRIOR HISTORY: [***1] APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO.

APPEAL from a final order of the District Court, in habeas corpus, discharging the respondent, Mally S. Daugherty, from the custody of John J. McGrain, Deputy Sergeant at Arms of the Senate, by whom he had been arrested, as a contumacious witness, under a warrant of attachment, issued by the President of the Senate in pursuance of a Senate resolution.

DISPOSITION: *299 Fed. 620*, reversed.

SYLLABUS: 1. Deputies, with authority to execute warrants, may be appointed by the Sergeant-at-Arms of the Senate, under a standing order of the Senate, such appointments being sanctioned by practice and by acts of Congress fixing the compensation of the appointees and providing for its payment. P. 154.

2. Such deputy may serve a warrant of attachment issued by the President of the Senate and addressed only to the Sergeant-at-Arms, in pursuance of a Senate resolution contemplating service by either. P. 155.

3. A warrant of the Senate for attachment of a person who ignored a subpoena from a Senate committee, is supported by oath within the requirement of the Fourth Amendment when based upon the committee's report of the facts of the contumacy, made on the committee's own knowledge and having the sanction of the oath of office of its members. P. 156.

4. Subpoenas issued by a committee of the Senate to bring before it a witness to testify in an investigation authorized by the Senate, are as if issued by the Senate itself. P. 158.

5. Therefore, in case of disobedience, the fact that the subpoena, and the [***2] contumacy, related only to testimony sought by a committee, is not a valid objection to a resolution of the Senate, and warrant issued thereon, requiring the defaulting witness to appear before the bar of the Senate itself, then and there to give the desired testimony. P. 158.

6. Each house of Congress has power, through its own process, to compel a private individual to appear before it or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution. P. 160.

7. This has support in long practice of the houses separately, and in repeated Acts of Congress, all amounting to a practical construction of the Constitution. Pp. 161, 167, 174.

8. The two houses of Congress in their separate relations have not only such powers as are expressly granted them by the Constitution, but also such auxiliary powers as are necessary and appropriate to make the express powers effective, but neither is invested with "general" power to inquire into private affairs and compel disclosures. P. 173.

9. A witness may rightfully refuse to answer where the bounds of the power are exceeded or the questions are [***3] not pertinent to the matter under inquiry. P. 175.

10. A resolution of the Senate directing a committee to investigate the administration of the Department of Justice -- whether its functions were being properly discharged or were being neglected or misdirected, and particularly whether the Attorney General and his assistants were performing or neglecting their duties in respect of the institution and prosecution of proceedings to punish crimes and enforce appropriate remedies against the wrongdoers, specific instances of alleged neglect be-

ing recited, -- concerned a subject on which legislation could be had which would be materially aided by the information which the investigation was calculated to elicit. P. 176.

11. It is to be presumed that the object of the Senate in ordering such an investigation is to aid it in legislating. P. 178.

12. It is not a valid objection to such investigation that it might disclose wrong-doing or crime by a public officer named in the resolution. P. 179.

13. A resolution of the Senate, directing attachment of a witness who had disobeyed a committee subpoena to such an investigation, and declaring that his testimony is sought with the [***4] purpose of obtaining "information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper," supports the inference, from the earlier resolution, of a legislative object. The suggestion of "other action" does not overcome the other part of the declaration and thereby invalidate the attachment proceedings. P. 180.

14. In view of the character of the Senate as a continuing body, and its power to continue or revive, with its original functions, the committee before which the investigation herein involved was pending, the question of the legality of the attachment of the respondent as a contumacious witness did not become moot with the expiration of the Congress during which the investigation and the attachment were ordered. P. 180.

COUNSEL: Mr. George W. Wickersham, [***5] Special Assistant to the Attorney General, with whom Attorney General Stone and Mr. William T. Chantland, Special Assistant to the Attorney General, were on the brief, for the appellant.

Each House of Congress has power to conduct an investigation in aid of its legislative functions, to compel attendance before it of witnesses and the production of books and papers which may throw light upon the subject of inquiry; subject, of course, to protection against the invasion of such privileges as those against unreasonable searches and seizures, self-incrimination and the like. This power is for the purpose of aiding each House more fitly to discharge its legislative duties. The investigation ordered by the Senate resolution of March 1st was of that character; and the court below erred in the construction it put upon the resolution and in holding the entire proceeding void. For many years it has been the practice of both Houses of Congress to conduct investigations into matters of public interest within the general domain of federal jurisdiction, and to summon witnesses to appear and give testimony and produce books and papers bearing upon the questions under investigation. [***6] See §§ 102 and 104, Revised Statutes. The power of the respective Houses to compel the attendance and testimony of witnesses in order to secure information necessary or useful to enable them to perform their legislative functions was thus recognized by law, and defiance of that power made punishable as a crime against the United States. This was without impairing in the slightest the right of a House to employ the power regarding contempt to compel obedience to its orders. *In re Chapman, 166 U.S. 661.* The power of each House was asserted from the beginning, not because it was exercised by the House of Commons in England, but because it is "necessary or proper for carrying into execution" the powers vested by the Constitution in Congress, and each House thereof.

In December, 1859, the Senate, by resolution, appointed a committee to inquire into the facts concerning the invasion and seizure of the armory and arsenal at Harper's Ferry and to report facts and recommend legislation, the committee to have power to send for persons and papers. In February, 1860, a resolution was adopted directing the Sergeant-at-Arms to take into his custody the body of Thaddeus Hyatt, and to [***7] have the same forthwith before the bar of the Senate to answer as for a contempt of its authority. Pursuant to this resolution, Hyatt was brought before the bar, and a resolution was adopted, after a long debate, by a vote of 44 ayes and 10 noes, directing him to be committed by the Sergeant-at-Arms to the common jail of the District of Columbia, to be kept in close custody until he should signify his willingness to answer the questions propounded by the Senate. Con. Globe, 1st Sess. 36th, pp. 1102, 1105. In upholding the existence of the power, the Senate did not divide on sectional lines, and the vote was overwhelmingly in support of the asserted power.

The question seems never to have been squarely decided in this Court. In some cases, the point was expressly reserved for future decision; in others there are expressions of opinion strongly favoring the existence of the power. *Kilbourn v. Thompson, 103 U.S. 168.* See Burnham v. Morrissey, 14 Gray, (Mass.) 226, *Anderson v. Dunn, 6 Wheat. 204.*

The Massachusetts court in the above case did not reach its conclusions from any analogy to the privileges of Parliament, nor from any residuum of power left [***8] in the legislature because not taken away by the state constitution. The power was recognized as necessary to the functions expressly delegated to the legislature by the constitution. The same principle is equally applicable to each House of Congress under the Constitution of the United States.

The point was reserved, in *Harriman v. Interstate*

Commerce Comm., 211 U.S. 407, and *Henry v. Henkel, 235 U.S. 219. Kilbourn v. Thompson, supra*, and *Interstate Commerce Comm. v. Brimson, 154 U.S. 447*, seem slightly hostile to such a power. *Marshall v. Gordon, 243 U.S. 521, 543*, contains an argumentative dictum in favor of the right. See the instances of legislative action cited, with approval, on the margin of the report. Cf. Hinds' Precedents, Vol. 3: 21, 24.

A final proof that the express constitutional grant of certain judicial powers to Congress, or a House thereof, does not negative the implication of further powers of that nature, (See *Anderson v. Dunn, 6 Wheat. at p. 232,)* exists in the fact that the Constitution expressly forbids the exercise of the parliamentary judicial power of passing bills of attainder. Art. I, § 9. Where [***9] there are both express grants and express prohibitions, the application of the principle expressio unius is self-contradictory, and so the field is left clear for ordinary implication with no bias ab initio against it.

The matter in the Kilbourn case was a settled debt, an executed transaction, one that should not be undone by legislative but only by judicial act, if at all, and which was being considered in the District Court which was the proper forum of the bankruptcy proceedings. *In re Chapman, 166 U.S. 661*, is of value here chiefly for the presumption of validity conceded to the Senate's resolution. The opinion shows that the usual presumption of validity of legislative acts applies to the resolution of a single House, indicates a qualification on the Kilbourn case, and disposes of the District Court's point in the present case, that a legislative purpose was not expressly averred in the original resolution but only in the one directing Daugherty's arrest. It also shows that that case is not to be distinguished on the ground that the proceedings were under the statute, but that the Senate could have proceeded directly.

In *Marshall v. Gordon, [***10] 243 U.S. 521*, "the contempt relied upon was not intrinsic to the right of the House to preserve the means of discharging its legislative duties" (p. 546). That is to say, while the right to punish contempts obstructing legislation was upheld, the letter sent by Marshall was not deemed to amount to an obstruction.

The rule to be derived from these contempt cases may be summarized thus: in addition to the express power to "punish its members for disorderly behavior," Constitution, Art. I, § 5, each House has an implied power to punish outsiders for contempts. *Anderson v. Dunn, supra;* but no such power is implied in aid of a proceeding outside the jurisdiction of the House, Kilbourn v. Thompson, supra; however, a presumption of validity attaches to a resolution of either House, just as to legislation of both Houses jointly, so that all doubts are to resolved in its favor, In re Chapman, and an investigation of a public officer or department is therefore presumed legislative in purpose and therefore valid until the contrary is shown, Marshall v. Gordon, semble.

The power rests upon the well-settled rule of unexpressed power necessary or proper to the exercise [***11] of express powers, being recognized by the Courts as necessarily a part of the constitutional grant. The leading case of course is *McCulloch v. Maryland, 4 Wheat. 316*. That the principle of that case justifies the implication in favor of either House of Congress having power to punish contempts, is recognized in Marshall v. Gordon, p. 537. Multiplication of the cases following McCulloch v. Maryland, or of the practical arguments to show that the gathering of information by the compulsion of contempt proceedings is appropriate, if not imperative, for legislation under modern conditions, seems unnecessary.

A similar question arises where boards or commissions exercising delegated legislative power seek to compel testimony and the production of documents in the aid of its exercise. *Harriman v. Interstate Commerce Comm., 211 U.S. 407*, and the language of the majority opinion is qualified by *Smith v. Interstate Commerce Comm., 245 U.S. 33*. While the cases last cited are not controlling, they indicate a trend away from the idea expressed in the earlier cases and the opinion in the court below, that testimony can be compelled only in an investigation [***12] into a specific breach of existing law -- a judicial inquiry. Furthermore, the case for a House of Congress investigating by its own committee is much stronger than that of an administrative body acting under delegated powers.

The question of the power of either House to compel testimony in aid of legislation has not been decided adversely in any of the inferior federal courts. See Ex Parte Nugent, Fed. Cas., 10375 (1848); *In re Pacific Railway Comm., 32 Fed., 241; Henry v. Henkel, supra;* and *207 Fed. 805;* Briggs v. Mackeller, 2 Abbott's Practice, N. Y., 30; *United States v. Sinclair, 52 Wash L. Rep. 451* [July, 1924].

A number of state court decisions have upheld the existence of the power here contended for. Briggs v. Mackellar, 2 Abbott's Practice, N. Y., 30 (1835); *People v. Keeler, 99 N. Y. 463 (1885); Matter of Barnes, 204 N. Y. 108 (1912); Burnham v. Morrissey, 14 Gray 226; State v. Guilbert, 75 Ohio St. 1*, distg.; *State v. Brewster, 89 N. J. L. 658 (1916); In re Falvey, 7 Wis. 630 (1858); Ex parte Parker, 74 S. C. 466 (1906).*

It is submitted that the District Court's distinction be-

tween the [***13] rule which obtains in States where the whole legislative power is vested in the legislature and those where all powers not expressly granted are reserved to the people, is wholly unsound in its application to the powers of Congress under the Constitution. The rule finally worked out by the courts and expressed by Chief Justice White in *Marshall v. Gordon, supra,* is based upon the doctrine of the grant by the Constitution of all powers necessary or proper to the use of the powers expressly granted. Each House has power to do whatever is customarily required to enable it intelligently to participate in the making of laws. Such implied power cannot be reserved to the States, respectively, or to the people, for it can only be exercised by the House itself. If it be not vested in such House, it exists nowhere. That it does exist in each House, and constantly has been exercised for nearly a century past, is abundantly demonstrated.

The English cases dealing with the powers of the House of Commons to compel testimony and punish for contempt of its process are interesting as furnishing an historical background but are not otherwise of great importance, their authority having [***14] been rejected by the Supreme Court (*Kilbourn v. Thompson, supra,*) disregarded in Massachusetts and rejected in New York, both of which uphold the power (*Burnham v. Morrissey, supra, People v. Keeler, 99 N. Y. 463, 473.*) and rejected in Ohio which denies it (*State v. Guilbert, supra,*) *Regina v. Paty, 2 Ld. Raym., 1105;* Murray's case, *1 Wils. 299; Brass Crosby's Case, 3 Wils., 188.* Rex v. Flower, 8 T. R., 314; Burdett v. Abbott, 14 East, 1; *Stockdale v. Hansard, 9 Ad. & E. 1; Stockdale v. Hansard, 11 Ad. & E. 253,* Case of *Sheriff of Middlesex, 11 Ad. & E. 273.*

Colonial Cases: Beaumont v. Barrett, 1 Moo. P. C., 59; Kielley v. Carson, 4 Moo. P. C., 63; Fenton v. Hampton, 11 Moo. P. C. 347; Doyle v. Falconer, L. R., 1 P. C., 328; Ex parte Dansereau, XIX Lower Canada Jurist, 210; *Ex parte Brown, 5 B. & S., 280.*

The investigation ordered by the Senate, in the course of which the testimony of Appellee and the production of books and records of the bank of which he is president were required, was legislative in its character. The investigation of the Attorney General's office was [***15] the exact action ordered. It is impossible to separate the person occupying that office, and his assistants, from the office; and the resolution of March 1st directed the committee to investigate circumstances and facts concerning the alleged failure of the Attorney General to prosecute and defend cases wherein the Government of the United States was interested, and to inquire into his activities and those of his assistants in the Department, which would in any manner tend to impair their efficiency or influence as representatives of the Government. The resolution of April 26th, by which the issuance of a warrant was ordered to bring the body of the Appellee before the bar of the Senate, then and there to answer questions pertinent to the matter under inquiry, is predicated upon a recital that "the appearance and testimony of the said M. S. Daugherty is material and necessary in order that the committee may properly execute the functions imposed upon it and may obtain information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper." See Chapman case, *166 U.S. 661; People v. Keeler, supra; Kilbourn v. Thompson, supra;* [***16] *In re Falvey, supra; People v. Webb, 5 N. Y. Supp., 855; People v. Milliken, 185 N. Y. 35; Matter of Barnes, supra;*

The Department of Justice is one of the great executive branches of the Government. It is created by statute (Rev. Stats., Title VIII). The duties of the Attorney General and his assistants are in great measure defined by law. Annually Congress, with the concurrence of both Houses, appropriates large sums of money to be expended for the purpose of enforcing the law or defending the Government against claims in the courts, under the direction of the Attorney General and his assistants. Can it possibly be said that the discovery of any facts showing the neglect or failure of the Attorney General or his assistants properly to discharge the duties imposed upon them by law cannot be and would not naturally be used by Congress as the basis for new legislation safeguarding the interests of the Government and making more improbable in the future the commission of any illegal or improper acts which might be shown to have been committed in the past? Appellee by refusing to appear in response to either subpoena and be sworn to testify, can only succeed in this [***17] case by establishing that the entire proceeding was void as beyond the constitutional powers of the Senate. Questions as to the materiality or relevancy of evidence are for later consideration.

Messrs. Arthur I. Vorys and John P. Phillips, with whom Mr. Webb I. Vorys was on the brief, for the appellee.

The arrest is the result of an attempt of the Senate to vest its committee with judicial power in a case which is not among those specifically enumerated. The court must determine the nature of the power which the Senate is attempting to exercise, and is not concluded by any post litem avowal made after the summons was issued, served and resisted, and after a court of competent jurisdiction had enjoined the exercise of the power. In *Kilbourn v. Thompson, 103 U.S. 168. In re Chapman,*

166 U.S. 661, and *Marshall v. Gordon, 243 U.S. 521*, this court examined the resolutions under which the investigations were being conducted and found that they were sufficient to exhibit the nature of the investigations and the purpose of the investigators. But the court is not limited to the formal words of this resolution, for it is the fact which is determinative **[***18]** and which this court must find. What the Senate intends to do and in fact is doing determines the character of its proceeding. It can not be said that, as the Senate has not declared what it intends to do at the conclusion of the investigation, therefore the investigation is not judicial and not executive, and consequently it must be legislative in character. Nor that, as the Senate at the end of the investigation can do nothing in a judicial or executive capacity, therefore it must be assumed that its action, if any, will be in a legislative capacity.

The preamble of Senate Resolution No. 157, which clearly indicates its purpose, was stricken out upon final passage of the resolution, not because the purpose of the Senate had changed in any particular but because the Senate did not desire to condemn the Attorney General without a trial. Throughout the debate upon the resolution the idea recurs constantly that the Attorney General is to be placed on trial. There is no suggestion of legislative action, or in fact of any action other than the ascertainment of facts with respect to the charges of malfeasance in office of Harry M. Daugherty and the publication of the same for the **[***19]** purpose of forcing him to resign. Only twice during the whole debate was there any pretense that the investigators were to engage in anything other than a trial of Mr. Daugherty.

The committee has assumed all of the functions of prosecutor, judge and jury with apparently none of the customary rules governing evidence and procedure. The court, however, need go no further than the resolution which, in apt words, reposes in the investigating committee judicial duties, and judicial duties alone. The personal cast of the resolution, the inability of the committee to do anything except to try the facts concerning the charges contained in the resolution and the total inability of the Senate to use the findings of the investigating committee for any purpose other than to pillory Harry M. Daugherty before the American people, clearly demonstrate that the proceeding is an attempt to usurp the judicial function. Of most important significance, is the fact that the first hint of any pretense that this inquisition was being conducted for legislative purposes was the ex post facto recital of a "basis for such legislation and other action" in the resolution of April 26, 1924, authorizing **[***20]** a warrant for the arrest of the appellee. This afterthought was inserted after the proceeding and injunction in the Fayette County Court and when the Senate knew that the validity of its resolution had been challenged in that proceeding on the ground that it conferred judicial authority. The Senate of the United States cannot override the constitutional rights of a private citizen by a mere additional word or gesture.

The Senate when acting in its legislative capacity has no power to arrest in order to compel testimony; the Senate can compel testimony only in cases where it has judicial power specifically granted by the Constitution. Any argument which begins with an assertion that citizens owe a duty to give testimony and thereupon asserts that Congress, or a branch thereof, may enforce this duty by its own processes, will result in nullifying the express division of powers among the three branches of government.

At the time our Constitution was adopted the process of arrest resided solely in the judiciary. *Marshall v. Gordon, 243 U.S. 521, 533.* In England the power to arrest and punish was retained by the House of Commons because of ancient privilege and prescription **[***21]** and not because of legislative right. The power of arrest has never been accorded to inferior legislative or administrative bodies. In the few instances in which such an attempt has been made, the power has been denied whenever it has been challenged in the courts. *Langenberg v. Decker, 131 Ind. 471; Re Sims, 54 Kans. 1; Kielley v. Carson, 4 Moore P. C. 63; Fenton v. Hampton, 11 Moore P. C. 347;* Ex Parte Dansereau, 19 Lower Canada Jurist, 210.

This Court has never decided that the Congress, or either branch of it, has power, in its legislative capacity, to cause the arrest of a witness in order to compel him to testify. The intimations of the learned jurists to the contrary are so plain that it is impossible to piece out what opposing counsel have called "expressions strongly favoring the existence of the power." *Kilbourn v. Thompson, 103 U.S. 168; Interstate Commerce Comm. v. Brimson, 154 U.S. 447; In re Chapman, 166 U.S. 661; Harriman v. Interstate Commerce Comm., 211 U.S. 407; Marshall v. Gordon, supra; Boyd v. United States, 116 U.S. 616; Ellis v. Interstate Commerce Comm., 237 U.S. 434;* **[***22]** *Federal Trade Comm. v. American Tobacco Co., 264 U.S. 298;* Ex parte Nugent, Fed. Cas. 10375; *Re Pacific Ry. Comm., 32 Fed. 250; Smith v. Interstate Commerce Comm., 245 U.S. 33.*

Congress, under the Federal Constitution, has only those powers which are granted to it, but many of the state legislatures differ from the English Parliament only in the degree of their powers, having all powers not expressly or impliedly denied by the state constitutions. From this it follows that the same canons of interpreta-

tion do not apply to the state legislatures and the national Congress. *People v. Keeler, 99 N. Y. 463; Ex Parte Parker, 74 S. C. 466; Burnham v. Morrissey, 14 Gray (Mass.) 226; Whitcomb's Case, 120 Mass. 118.* Those who have contended that the power to compel testimony is a legislative power have urged it as a necessity. The proponents of this argument resort to the famous definition and amplification of the word "necessary" of Mr. Chief Justice Marshall in *McCulloch v. Maryland, 4 Wheat. 306.* The reasoning is fallacious and circuitous. Marshall was considering the power of the United States to establish a national bank. [***23] He referred to Clause 18 of Article I, § 8 of the Constitution, in which Congress was given power to make laws which shall be necessary and proper for carrying into execution the powers expressly given. He was not implying a grant of power which, because it might be convenient, or appropriate in the exercise of another power, would therefore be permitted to override the constitutional guaranties of the private citizen. In the cases which have followed and adopted Mr. Chief Justice Marshall's definition, no case has implied such a grant from convenience so as to override the express guaranties of the Bill of Rights contained in the first ten Amendments. Not even when Congress is given an express power can that power be exercised in derogation of the express guaranties of individual liberty. *Interstate Commerce Comm. v. Brimson, 154 U.S. 447.* If Congress has no such power where there is a specific grant, certainly Congress cannot destroy personal guaranties through any implied grant incidental to the general power to enact laws. The only satisfactory determination of the substantive question in this case should be that the power to arrest a recusant witness is a judicial [***24] process and confined to the jurisdiction of the courts, and that the Senate has no power to arrest a recusant witness except in the cases in which the constitution gives the Senate judicial power.

If Congress has power to compel the production of evidence, to aid Congress in formulating further legislation, then Congress, both Houses concurring, must declare its purpose, and the demand for the information. The Senate cannot legislate, and the Senate cannot compel testimony relating to proposed legislation which the Senate alone has in mind. Const., Art. I, § 1; See *State v. Guilbert, 75 O. S. 1.*

If a witness may be compelled to testify in order to aid the Senate in the formulation of legislation, then it must be shown what legislation the Senate has in view and that the evidence sought is pertinent to the subject-matter of legislation under consideration, and the testimony of the witness can be compelled only through judicial process of the court. In order to justify the compulsory discovery of evidence it must appear for what purpose the testimony is sought and the materiality of the evidence must be affirmatively shown. *Federal Trade Comm. v. American Tobacco [***25] Co., 264 U.S. 298; Hale v. Henkel, 201 U.S. 43. Matter of Barnes, 204 N. Y. 108; United States v. Searles, 25 Wash. L. Rep. 384*

Senate Resolution No. 157 not only does not show what subjects of legislation were in contemplation, but does show the purpose of the investigation, namely, to determine as to the alleged guilt of Harry M. Daugherty. There is nothing in the record to show what proposed subject-matters of legislation were under consideration, and in no way can it be seen that the testimony of the appellee or the books and records of the bank and the accounts of the bank's customer could furnish information that would be useful in framing any legislation shown to have been in the mind of the Senate or of any member thereof.

The warrant issued by the president pro tempore of the Senate was not supported by oath or affirmation as required by the Federal Constitution. Even a bench warrant must be supported by oath. No arrest or attachment for contempt can issue from any court where the contempt is constructive or outside of the presence of the court without a supporting affidavit.

The arrest of Mr. Daugherty is illegal for the reason that it [***26] was made under a warrant to bring him forcibly before the Senate to answer the Senate's questions before he had been subpoenaed by the Senate and had refused to obey the Senate.

This Court will respect the jurisdiction and order of the state court, and will make no order which may effectuate a violation of the injunction or conflict with the purpose and spirit of the injunction.

The law does not provide for any deputy Sergeant-at-Arms. If there were such a officer, this warrant could not be executed by him because it is directed to the Sergeant-at-Arms and not to a deputy.

JUDGES: Taft, Holmes, Van Devanter, McReynolds, Brandeis, Sutherland, Butler, Sanford; Mr. Justice Stone did not participate in the consideration or decision of this case.

OPINIONBY: VAN DEVANTER

OPINION: [*150] [**320] MR. JUSTICE VAN DEVANTER delivered the opinion of the court.

This is an appeal from the final order in a proceeding in habeas corpus discharging a recusant witness held in custody under process of attachment issued from the United States Senate in the course of an investigation which it

was making of the administration of the Department of Justice. A full statement of the case is necessary.

The Department of Justice [***27] is one of the great executive departments established by congressional enactment and has charge, among other things, of the initiation and prosecution of all suits, civil and criminal, which may be brought in the right and name of the United States to compel obedience or punish disobedience to its laws, to recover property obtained from it by unlawful or fraudulent means, or to safeguard its rights in other respects; and also of the assertion and protection of its interests when it or its officers are sued by others. The Attorney General is the head of the department, and its functions are all to be exercised under his supervision and direction. n1

n1 Rev. Stats. secs. 346, 350, 359, 360, 361, 362, 367; Judicial Code, secs. 185, 212; c. 382, secs. 3, 5, 25 Stat. 858, 859; c. 647, sec. 4, 26 Stat. 209; c. 3935, 34 Stat. 816; c. 323, sec. 15, 38 Stat. 736; *United States v. San Jacinto Tin Co., 125 U.S. 273, 278;* Kern River Co. v. *United States, 257 U.S. 147, 155; Ponzi v. Fessenden, 258 U.S. 254, 262.*

[***28]

[**321] Harry M. Daugherty became the Attorney General March 5, 1921, and held that office until March 28, 1924, [*151] when he resigned. Late in that period various charges of misfeasance and nonfeasance in the Department of Justice after he became its supervising head were brought to the attention of the Senate by individual senators and made the basis of an insistent demand that the department be investigated to the end that the practices and deficiencies which, according to the charges, were operating to prevent or impair its right administration might be definitely ascertained and that appropriate and effective measures might be taken to remedy or eliminate the evil. The Senate regarded the charges as grave and requiring legislative attention and action. Accordingly it formulated, passed and invited the House of Representatives to pass (and that body did pass) two measures taking important litigation then in immediate contemplation out of the control of the Department of Justice and placing the same in charge of special counsel to be appointed by the President n2; and also adopted a resolution authorizing and directing a select committee of five senators --

n2 Cong. Rec. 68th Cong., 1st Sess., pp. 1520, 1521, 1728; c. 16, 43 Stat. 5; Cong. Rec. 68th Cong., 1st Sess., pp. 1591, 1974; c. 39, 43 Stat. 15; c. 42, 43 Stat. 16.

[***29]

"to investigate circumstances and facts, and report the same to the Senate, concerning the alleged failure of Harry M. Daugherty, Attorney General of the United States, to prosecute properly violators of the Sherman Anti-trust Act and the Clayton Act against monopolies and unlawful restraint of trade; the alleged neglect and failure of the said Harry M. Daugherty, Attorney General of the United States, to arrest and prosecute Albert B. Fall, Harry F. Sinclair, E. L. Doheny, C. R. Forbes, and their co-conspirators in defrauding the Government, as well as the alleged neglect and failure of the said Attorney General to arrest and prosecute many others for violations of Federal statutes, and his alleged failure [*152] to prosecute properly, efficiently, and promptly, and to defend, all manner of civil and criminal actions wherein the Government of the United States is interested as a party plaintiff or defendant. And said committee is further directed to inquire into, investigate and report to the Senate the activities of the said Harry M. Daugherty, Attorney General, and any of his assistants in the Department of Justice which would in any manner tend to impair their efficiency [***30] or influence as representatives of the Government of the United States."

The resolution also authorized the committee to send for books and papers, to subpoena witnesses, to administer oaths, and to sit at such times and places as it might deem advisable. n3

n3 For the full resolution and two amendments adopted shortly thereafter see Cong. Rec., 68th Cong., 1st Sess., pp. 3299, 3409-3410, 3548, 4126.

In the course of the investigation the committee issued and caused to be duly served on Mally S. Daugherty -- who was a brother of Harry M. Daugherty and president of the Midland National Bank of Washington Court House, Ohio, -- a subpoena commanding him to appear before the committee for the purpose of giving testimony bearing on the subject under investigation, and to bring with him the "deposit ledgers of the Midland National Bank since November 1, 1920; also note files and transcript of owners of every safety vault; also records of income drafts; also records of any individual account or accounts showing withdrawals [***31] of amounts of $ 25,000 or over during above period." The witness failed to appear.

A little later in the course of the investigation the com-

mittee issued and caused to be duly served on the same witness another subpoena commanding him to appear before it for the purpose of giving testimony relating to the subject under consideration -- nothing being [*153] said in this subpoena about bringing records, books or papers. The witness again failed to appear; and no excuse was offered by him for either failure.

The committee then made a report to the Senate stating that the subpoenas had been issued, that according to the officer's returns -- copies of which accompanied the report -- the witness was personally served; and that he had failed and refused to appear. n4 After a reading of the report, the Senate adopted a resolution reciting these facts and proceeding as follows: n5

n4 Senate Report No. 475, 68th Cong., 1st Sess.

n5 Cong. Rec., 68th Cong., 1st Sess., pp. 7215-7217.

"Whereas the appearance and testimony [***32] of the said M. S. Daugherty is material and necessary in order that the committee may properly execute the functions imposed upon it and may obtain information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper: Therefore be it

"Resolved, That the President of the Senate pro tempore issue his warrant commanding the Sergeant at Arms or his deputy to take into custody the body of the said M. S. Daugherty wherever found, and to bring the said M. S. Daugherty before the bar of the Senate, then and there to answer such questions pertinent to the matter under inquiry as the Senate may order the President of the Senate pro tempore to propound; and to keep the said M. S. Daugherty in custody to await the further order of the Senate."

It will be observed from the terms of the resolution that the warrant was to be issued in furtherance of the effort to obtain the personal testimony of the witness and, like the second subpoena, was not intended to exact [**322] from him the production of the various records, books and papers named in the first subpoena.

The warrant was issued agreeably to the resolution and was addressed simply to the Sergeant at [***33] Arms. That [*154] officer on receiving the warrant endorsed thereon a direction that it be executed by John J. McGrain, already his deputy, and delivered it to him for execution.

The deputy, proceeding under the warrant, took the witness into custody at Cincinnati, Ohio, with the purpose of bringing him before the bar of the Senate as commanded; whereupon the witness petitioned the federal district court in Cincinnati for a writ of habeas corpus. The writ was granted and the deputy made due return setting forth the warrant and the cause of the detention. After a hearing the court held the attachment and detention unlawful and discharged the witness, the decision being put on the ground that the Senate in directing the investigation and in ordering the attachment exceeded its powers under the *Constitution*. *299 Fed. 620*. The deputy prayed and was allowed a direct appeal to this Court under § 238 of the Judicial Code as then existing.

We have given the case earnest and prolonged consideration because the principal questions involved are of unusual importance and delicacy. They are (a) whether the Senate -- or the House of Representatives, both being on the same plane [***34] in this regard -- has power, through its own process, to compel a private individual to appear before it or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution, and (b) whether it sufficiently appears that the process was being employed in this instance to obtain testimony for that purpose.

Other questions are presented which in regular course should be taken up first.

The witness challenges the authority of the deputy to execute the warrant on two grounds -- that there was no provision of law for a deputy, and that, even if there were such a provision, a deputy could not execute the [*155] warrant because it was addressed simply to the Sergeant at Arms. We are of opinion that neither ground is tenable.

The Senate adopted in [illegible] and has retained ever since a standing order declaring that the Sergeant at Arms may appoint deputies "to serve process or perform other duties" in his stead, that they shall be "officers of the Senate," and that acts done and returns made by them "shall have like effect and be of the same validity as if performed or made by the Sergeant at Arms in person." [***35] n6 In actual practice the Senate has given full effect to the order; and Congress has sanctioned the practice under it by recognizing the deputies -- sometimes called assistants -- as officers of the Senate, by fixing their compensation and by making appropriations to pay them. n7 Thus there was ample provision of law for a deputy.

n6 Senate Journal, 47th Cong., 1st Sess., Dec. 17, 1881; Senate Rules and Manual, 68th Cong., p. 114.

n7 41 Stat. 632, 653; 42 Stat. 424, 466; 43

Stat. 33, 580, 1288.

The fact that the warrant was addressed simply to the Sergeant at Arms is not of special significance. His authority was not to be tested by the warrant alone. Other criteria were to be considered. The standing order and the resolution under which the warrant was issued plainly contemplated that he was to be free to execute the warrant in person or to direct a deputy to execute it. They expressed the intention of the Senate; and the words of the warrant were to be taken, as they well could be, in a sense which would give [***36] effect to that intention. Thus understood, the warrant admissibly could be executed by a deputy if the Sergeant at Arms so directed, which he did.

The case of *Sanborn v. Carleton, 15 Gray 399*, on which the witness relies, related to a warrant issued to the Sergeant at Arms in 1860, which he deputed another to execute. At that time there was no standing rule or [*156] statute permitting him to act through a deputy; nor was there anything in the resolution under which the warrant was issued indicative of a purpose to permit him to do so. All that was decided was that in the absence of a permissive provision, in the warrant or elsewhere, he could not commit its execution to another. The provision which was absent in that case and deemed essential is present in this.

The witness points to the provision in the Fourth Amendment to the Constitution declaring "no warrants shall issue but upon probable cause supported by oath or affirmation" and contends that the warrant was void because the report of the committee on which it was based was unsworn. We think the contention overlooks the relation of the committee to the Senate and to the matters reported, and puts aside the [***37] accepted interpretation of the constitutional provision.

The committee was a part of the Senate, and its members were acting under their oath of office as senators. The matters reported pertained to their proceedings and were within their own knowledge. They had issued the subpoenas, had received and examined the officer s returns thereon (copies of which accompanied the report), and knew the witness had not obeyed either subpoena or offered any excuse for his failure to do so

The constitutional provision was not intended to establish a new principle but to affirm and preserve a cherished rule of the common law designed to prevent the issue of groundless warrants. In legislative practice [**323] committee reports are regarded as made under the sanction of the oath of office of its members; and where the matters reported are within the committee's knowledge and constitute probable cause for an attachment such reports are acted on and given effect without requiring that they be supported by further oath or affirmation. This is [*157] not a new practice but one which has come down from an early period. It was well recognized before the constitutional provision was adopted, has been [***38] followed ever since, and appears never to have been challenged until now. Thus it amounts to a practical interpretation, long continued, of both the original common law rule and the affirming constitutional provision, and should be given effect accordingly. n8

n8 *Prigg v. Pennsylvania, 16 Pet. 539, 620-621; The Laura, 114 U.S. 411, 416; McPherson v. Blacker, 146 U.S. 1, 35-36; Ex parte Grossman, 267 U.S. 87, 118; Myers v. United States, 272 U.S. 52.*

The principle underlying the legislative practice has also been recognized and applied in judicial proceedings. This is illustrated by the settled rulings that courts in dealing with contempts committed in their presence may order commitments without other proof than their own knowledge of the occurrence, n9 and that they may issue attachments, based on their own knowledge of the default, where intended witnesses or jurors fail to appear in obedience to process shown by the officer's return to have been duly served. n10 A further illustration [***39] is found in the rulings that grand jurors, acting under the sanction of their oaths as such, may find and return indictments based solely on their own knowledge of the particular offenses, and that warrants may be issued on such indictments without further oath or affirmation; n11 and still another is found in the practice which recognizes that where grand jurors, under their oath as such, report to the court that a witness brought before them has refused to testify, the [*158] court may act on that report, although otherwise unsworn, and order the witness brought before it by attachment. n12

n9 *Ex parte Terry, 128 U.S. 289, 307*, et seq.; *Holcomo v. Cornish, 8 Conn. 375;* 4 Blackst. Com. 286

n10 *Robbins v. Gorham, 25 N. Y. 588; Wilson v. State, 57 Ind. 71.*

n11 *Hale v. Henkel, 201 U.S. 43, 60-62;* Regina v. Russell, 2 Car. & Mar. 247; *Commonwealth v. Hayden, 163 Mass. 453, 455;* Decision of Mr. Justice Catron reported in Wharton's Cr. Pl. & Pr., 8th ed., pp. 224-226.

n12 See *Hale v. Henkel, supra; Blair v. United States, 250 U.S. 273; Nelson v. United States, 201 U.S. 92, 95;* Equity Rule 52, *226 U.S. Appendix, 15; Heard v. Pierce, 8 Cush. 338.*

[***40]

We think the legislative practice, fortified as it is by the judicial practice, shows that the report of the committee -- which was based on the committee's own knowledge and made under the sanction of the oath of office of its members -- was sufficiently supported by oath to satisfy the constitutional requirement.

The witness also points to the provision in the warrant and in the resolution under which it was issued requiring that he be "brought before the bar of the Senate, then and there" to give testimony "pertinent to the subject under inquiry," and contends that an essential prerequisite to such an attachment was wanting, because he neither had been subpoenaed to appear and testify before the Senate nor had refused to do so. The argument in support of the contention proceeds on the assumption that the warrant of attachment "is to be treated precisely the same as if no subpoena had been issued by the committee, and the same as if the witness had not refused to testify before the committee." In our opinion the contention and the assumption are both untenable. The committee was acting for the Senate and under its authorization; and therefore the subpoenas which the committee [***41] issued and the witness refused to obey are to be treated as if issued by the Senate. The warrant was issued as an auxiliary process to compel him to give the testimony sought by the subpoenas; and its nature in this respect is not affected by the direction that his testimony be given at the bar of the Senate instead of before the committee. If the Senate deemed it proper, in view of his contumacy, to give that direction it was at liberty to do so.

[*159] The witness sets up an interlocutory injunction granted by a state court at Washington Court House, Ohio, in a suit brought by the Midland National Bank against two members of the investigating committee, and contends that the attachment was in violation of that injunction and therefore unlawful. The contention is plainly ill-founded. The injunction was granted the same day the second subpoena was served, but whether earlier or later in the day does not appear. All that the record discloses about the injunction is comprised in the paragraph copied in the margin from the witness's petition for habeas corpus. n13 But it is apparent [**324] from what is disclosed that the injunction did not purport to place any restraint on the [***42] witness, nor to restrain the committee from demanding that he appear and testify personally to what he knew respecting the subject under investigation; and also that what the injunction did purport to restrain has no bearing on the power of the Senate to enforce that demand by attachment.

n13 "On the 11th day of April, 1924, in an action in the Court of Common Pleas of said Fayette County, Ohio, in which said The Midland National Bank was plaintiff and said B. K. Wheeler and Smith W. Brookhart were defendants, upon the petition of said bank said court granted a temporary restraining order enjoining and restraining said defendants and their agents, servants, and employees from entering into said banking room and from taking, examining, or investigating any of the books, accounts, records, promissory notes, securities, letters, correspondence, papers, or any other property of said bank or of its depositors, borrowers, or customers in said banking room and from in any manner molesting and interfering with the business and affairs of said bank, its officers, agents, servants, and the business of its depositors, borrowers and customers with said bank until the further order of said court. The said defendants were duly served with process in said action and duly served with copies of said temporary restraining order on said 11th day of April, 1924, and said injunction has not been modified by said court and no further order has been made in said case by said court, and said injunction is in full force and effect."

[***43]

[*160] In approaching the principal questions, which remain to be considered, two observations are in order. One is that we are not now concerned with the direction in the first subpoena that the witness produce various records, books and papers of the Midland National Bank. That direction was not repeated in the second subpoena; and is not sought to be enforced by the attachment. This was recognized by the court below, *299 Fed. 623,* and is conceded by counsel for the appellant. The other is that we are not now concerned with the right of the Senate to propound or the duty of the witness to answer specific questions, for as yet no questions have been propounded to him. He is asserting -- and is standing on his assertion -- that the Senate is without power to interrogate him, even if the questions propounded be pertinent and otherwise legitimate -- which for present purposes must be assumed.

The first of the principal questions -- the one which the witness particularly presses on our attention -- is, as before shown, whether the Senate -- or the House of

Representatives, both being on the same plane in this regard -- has power, through its own process, to compel a private [***44] individual to appear before it or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution.

The Constitution provides for a Congress consisting of a Senate and House of Representatives and invests it with "all legislative powers" granted to the United States, and with power "to make all laws which shall be necessary and proper" for carrying into execution these powers and "all other powers" vested by the Constitution in the United States or in any department or officer thereof. Art. I, secs 1, 8. Other provisions show that, while bills can become laws only after being considered and passed by both houses of Congress, each house is to be distinct [*161] from the other, to have its own officers and rules, and to exercise its legislative function independently. n14 Art. I, secs. 2, 3, 5, 7. But there is no provision expressly investing either house with power to make investigations and exact testimony to the end that it may exercise its legislative function advisedly and effectively. So the question arises whether this power is so far incidental to the legislative function as to be implied. [***45]

n14 Story Const., secs. 545, et seq.; 1 Kent's Com., p. 222.

In actual legislative practice power to secure needed information by such means has long been treated as an attribute of the power to legislate. It was so regarded in the British Parliament and in the Colonial legislatures before the American Revolution; and a like view has prevailed and been carried into effect in both houses of Congress and in most of the state legislatures. n15

n15 May's Parliamentary Practice, 2d ed., pp. 80, 295, 299; Cushing's Legislative Practice, secs. 634, 1901-1903; 3 Hinds' Precedents, secs. 1722, 1725, 1727, 1813-1820; Cooley's Constitutional Limitations, 6th ed., p. 161.

This power was both asserted and exerted by the House of Representatives in 1792, when it appointed a select committee to inquire into the St. Clair expedition and authorized the committee [***46] to send for necessary persons, papers and records. Mr. Madison, who had taken an important part in framing the Constitution only five years before, and four of his associates in that work, were members of the House of Representatives at the time, and all voted for the inquiry. 3 Cong. Ann. 494. Other exertions of the power by the House of Representatives, as also by the Senate, are shown in the citations already made. Among those by the Senate, the inquiry ordered in 1859 respecting the raid by John Brown and his adherents on the armory and arsenal of the United States at Harper's Ferry is of special significance. The resolution [*162] directing the inquiry authorized the committee to send for persons and papers, to inquire into the facts pertaining to the raid and the means by which it was organized and supported, and to report what legislation, if any, was necessary to preserve the peace of the country and protect the public property. The resolution was briefly discussed and adopted without opposition. Cong. Globe, 36th Cong., 1st Sess., pp. 141, 152. Later on the committee reported that Thaddeus Hyatt, although subpoenaed to appear as a witness, had refused to do so; [***47] whereupon the Senate ordered that he be attached and brought before it to answer for his refusal. When he was brought in he answered by challenging the power of the Senate to direct the inquiry and exact testimony to aid it in exercising its legislative function. The question of power thus presented was thoroughly discussed by several senators -- Mr. Sumner of Massachusetts taking the lead in denying the power and Mr. Fessenden of Maine in supporting it. Sectional and party lines were put aside and the question was debated and determined with special regard to principle and precedent. The vote was taken on a resolution pronouncing the witness's answer insufficient and directing that he [**325] be committed until he should signify that he was ready and willing to testify. The resolution was adopted -- 44 senators voting for it and 10 against. Cong. Globe, 36th Cong., 1st Sess., pp. 1100-1109, 3006-3007. The arguments advanced in support of the power are fairly reflected by the following excerpts from the debate:

Mr. Fessenden of Maine. "Where will you stop? Stop, I say, just at that point where we have gone far enough to accomplish the purposes for which we were created; and these [***48] purposes are defined in the Constitution. What are they? The great purpose is legislation. There are some other things, but I speak of legislation as the principal purpose. Now, what do we propose to do here? We [*163] propose to legislate upon a given state of facts, perhaps, or under a given necessity. Well, sir, proposing to legislate, we want information. We have it not ourselves. It is not to be presumed that we know everything; and if any body does presume it, it is a very great mistake, as we know by experience. We want information on certain subjects. How are we to get it? The Senator says, ask for it. I am ready to ask for it; but suppose the person whom we ask will not

give it to us: what then? Have we not power to compel him to come before us? Is this power, which has been exercised by Parliament, and by all legislative bodies down to the present day without dispute -- the power to inquire into subjects upon which they are disposed to legislate -- lost to us? Are we not in the possession of it? Are we deprived of it simply because we hold our power here under a Constitution which defines what our duties are, and what we are called upon to do?

"Congress [***49] have appointed committees after committees, time after time, to make inquiries on subjects of legislation. Had we not power to do it? Nobody questioned our authority to do it. We have given them authority to send for persons and papers during the recess. Nobody questioned our authority. We appoint committees during the session, with power to send for persons and papers. Have we not that authority, if necessary to legislation?

* * * * *

"Sir, with regard to myself, all I have to inquire into is: is this a legitimate and proper object, committed to me under the Constitution; and then, as to the mode of accomplishing it, I am ready to use judiciously, calmly, moderately, all the power which I believe is necessary and inherent, in order to do that which I am appointed to do; and, I take it, I violate no rights, either of the people generally or of the individual, by that course."

[*164] Mr. Crittenden of Kentucky. "I come now to a question where the cooperation of the two branches is not necessary. There are some things that the Senate may do. How? According to a mode of its own. Are we to ask the other branch of the Legislature to concede by law to us the power of making [***50] such an inquiry as we are now making? Has not each branch the right to make what inquiries and investigation it thinks proper to make for its own action? Undoubtedly. You say we must have a law for it. Can we have a law? Is it not, from the very nature of the case, incidental to you as a Senate, if you, as a Senate, have the power of instituting an inquiry and of proceeding with that inquiry? I have endeavored to show that we have that power. We have a right, in consequence of it, a necessary incidental power, to summon witnesses, if witnesses are necessary. Do we require the concurrence of the other House to that? It is a power of our own. If you have a right to do the thing of your own motion, you must have all powers that are necessary to do it.

"The means of carrying into effect by law all the granted powers, is given where legislation is applicable and necessary; but there are subordinate matters, not amounting to laws; there are inquiries of the one House or the other House, which each House has a right to conduct; which each has, from the beginning, exercised the power to conduct; and each has, from the beginning, summoned witnesses. This has been the practice of [***51] the Government from the beginning; and if we have a right to summon the witness, all the rest follows as a matter of course."

The deliberate solution of the question on that occasion has been accepted and followed on other occasions by both houses of Congress, and never has been rejected or questioned by either.

[*165] The state courts quite generally have held that the power to legislate carries with it by necessary implication ample authority to obtain information needed in the rightful exercise of that power, and to employ compulsory process for the purpose.

In *Burnham v. Morrisey, 14 Gray 226, 239*, the Supreme Judicial Court of Massachusetts, in sustaining an exertion of this power by one branch of the legislature of that Commonwealth, said:

"The house of representatives has many duties to perform, which necessarily require it to receive evidence and examine witnesses. . . . It has often occasion to acquire certain knowledge of facts, in order to the proper performance of legislative duties. We therefore think it clear that it has the constitutional right to take evidence, to summon witnesses, and to compel them to appear and testify. This power to summon and [***52] examine witnesses it may exercise by means of committees."

In *Wilkens v. Willet, 1 Keyes 521, 525*, a case which presented the question whether the House of Representatives of the United States possesses this power, the Court of Appeals of New York said:

"That the power exists there admits of no doubt whatever. It is a necessary incident to the sovereign power of making laws; and its exercise is often indispensable to the great end of enlightened, judicious and wholesome legislation."

In *People v. Keeler, 99 N. Y. 463, 482, 483*, where the validity of a statute of New York recognizing and giving effect to this power was drawn in question, the Court of Appeals approvingly quoted what it had said in Wilkens v. Willet, and added:

[**326] "It is difficult to conceive any constitutional objection which can be raised to the provision authorizing legislative committees to take testimony and to summon [*166] witnesses. In many cases it may be indispensable to intelligent and effectual legislation to ascertain the facts which are claimed to give rise to the necessity for such legislation, and the remedy required,

and, irrespective of the question whether in the absence [***53] of a statute to that effect either house would have the power to imprison a recusant witness, I cannot yield to the claim that a statute authorizing it to enforce its process in that manner is in excess of the legislative power. To await the slow process of indictment and prosecution for a misdemeanor, might prove quite ineffectual, and necessary legislation might be obstructed, and perhaps defeated, if the legislative body had no other and more summary means of enforcing its right to obtain the required information. That the power may be abused, is no ground for denying its existence. It is a limited power, and should be kept within its proper bounds; and, when these are exceeded, a jurisdictional question is presented which is cognizable in the courts." . . . "Throughout this Union the practice of legislative bodies, and in this State, the statutes existing at the time the present Constitution was adopted, and whose validity has never before been questioned by our courts, afford strong arguments in favor of the recognition of the right of either house to compel the attendance of witnesses for legislative purposes, as one which has been generally conceded to be an appropriate [***54] adjunct to the power of legislation, and one which, to say the least, the State legislature has constitutional authority to regulate and enforce by statute."

Other decisions by state courts recognizing and sustaining the legislative practice are found in *Falvey v. Massing, 7 Wis. 630, 635-638; State v. Frear, 138 Wis. 173; Ex parte Parker, 74 S. C. 466, 470; Sullivan v. Hill, 73 W. Va. 49, 53; Lowe v. Summers, 69 Mo. App. 637, 649-650.* An instructive decision on the question is also found in Ex parte Dansereau (1875), 19 L. C. Jur. 210, where the [*167] legislative assembly of the Province of Quebec was held to possess this power as a necessary incident of its power to legislate.

We have referred to the practice of the two houses of Congress; and we now shall notice some significant congressional enactments. May 3, 1798, c. 36, 1 Stat. 554, Congress provided that oaths or affirmations might be administered to witnesses by the President of the Senate, the Speaker of the House of Representatives, the chairman of a committee of the whole, or the chairman of a select committee, "in any case under their examination." February 8, 1817, c. 10, [***55] 3 Stat. 345, it enlarged that provision so as to include the chairman of a standing committee. January 24, 1857, c. 19, 11 Stat. 155, it passed "An Act more effectually to enforce the attendance of witnesses on the summons of either house of Congress, and to compel them to discover testimony." This act provided, first, that any person summoned as a witness to give testimony or produce papers in any matter under inquiry before either house of Congress, or any committee of either house, who should wilfully make default, or, if appearing, should refuse to answer any question pertinent to the inquiry, should, in addition to the pains and penalties then existing, n16 be deemed guilty of a misdemeanor and be subject to indictment and punishment as there prescribed; and secondly, that no person should be excused from giving evidence in such an inquiry on the ground that it might tend to incriminate or disgrace him, nor be held to answer criminally, or be subjected to any penalty or forfeiture, for any fact or act as to which he was required to testify, excepting that he might be subjected to prosecution for perjury committed while so testifying. January 24, 1862, c. 11, 12 Stat. 333, Congress [***56] modified the immunity provision in particulars not material [*168] here. These enactments are now embodied in §§ 101-104 and 859 of Revised Statutes. They show very plainly that Congress intended thereby (a) to recognize the power of either house to institute inquiries and exact evidence touching subjects within its jurisdiction and on which it was disposed to act; n17 (b) to recognize that such inquiries may be conducted through committees; (c) to subject defaulting and contumacious witnesses to indictment and punishment in the courts, and thereby to enable either house to exert the power of inquiry "more effectually"; n18 and (d) to open the way for obtaining evidence in such an inquiry, which otherwise could not be obtained, by exempting witnesses required to give evidence therein from criminal and penal prosecutions in respect of matters disclosed by their evidence.

n16 The reference is to the power of the particular house to deal with the contempt. *In re Chapman, 166 U.S. 661, 671-672.*

n17 In construing section 1 of the Act of 1857 as reproduced in section 102 of the Revised Statutes, this Court said in *In re Chapman, 166 U.S. 661, 667:*

"It is true that the reference is to 'any' matter under inquiry, and so on, and it is suggested that this is fatally defective because too broad and unlimited in its extent; but nothing is better settled than that statutes should receive a sensible construction, such as will effectuate the legislative intention, and, if possible, so as to avoid an unjust or an absurd conclusion. *Lau Ow Bew v. United States, 144 U.S. 47, 59;* and we think that the word 'any,' as used in these sections, refers to matters within the jurisdiction of the two Houses of Congress, before them for consideration and proper for their action; to questions pertinent thereto; and to facts or papers bearing thereon."

[***57]

n18 This Court has said of the act of 1857 that "it was necessary and proper for carrying into execution the powers vested in Congress and in each house thereof." *In re Chapman, 166 U.S. 661, 671.*

Four decisions of this Court are cited and [**327] more or less relied on, and we now turn to them.

The first decision was in *Anderson v. Dunn, 6 Wheat. 204.* The question there was whether, under the Constitution, the House of Representatives has power to attach and punish a person other than a member for contempt [*169] of its authority -- in fact, an attempt to bribe one of its members. The Court regarded the power as essential to the effective exertion of other powers expressly granted, and therefore as implied. The argument advanced to the contrary was that as the Constitution expressly grants to each house power to punish or expel its own members and says nothing about punishing others, the implication or inference, if any, is that power to punish one who is not a member is neither given nor intended. The Court answered this by saying:

(p. 225) "There is not in the whole of that admirable [***58] instrument, a grant of powers which does not draw after it others, not expressed, but vital to their exercise; not substantive and independent, indeed, but auxiliary and subordinate."

(p. 233) "This argument proves too much; for its direct application would lead to annihilation of almost every power of Congress. To enforce its laws upon any subject without the sanction of punishment is obviously impossible. Yet there is an express grant of power to punish in one class of cases and one only, and all the punishing power exercised by Congress in any cases, except those which relate to piracy and offenses against the laws of nations, is derived from implication. Nor did the idea ever occur to any one, that the express grant in one class of cases repelled the assumption of the punishing power in any other. The truth is, that the exercise of the powers given over their own members, was of such a delicate nature, that a constitutional provision became necessary to assert or communicate it. Constituted, as that body is, of the delegates of confederated States, some such provision was necessary to guard against their mutual jealousy, since every proceeding against a representative would [***59] indirectly affect the honour or interests of the state which sent him."

[*170] The next decision was in *Kilbourn v. Thompson, 103 U.S. 168.* The question there was whether the House of Representatives had exceeded its power in directing one of its committees to make a particular investigation. The decision was that it had. The principles announced and applied in the case are -- that neither house of Congress possesses a "general power of making inquiry into the private affairs of the citizen"; that the power actually possessed is limited to inquiries relating to matters of which the particular house "has jurisdiction" and in respect of which it rightfully may take other action; that if the inquiry relates to "a matter wherein relief or redress could be had only by a judicial proceeding" it is not within the range of this power, but must be left to the courts, conformably to the constitutional separation of governmental powers; and that for the purpose of determining the essential character of the inquiry recourse may be had to the resolution or order under which it is made. The court examined the resolution which was the basis of the particular inquiry, and ascertained [***60] therefrom that the inquiry related to a private real-estate pool or partnership in the District of Columbia. Jay Cooke & Co. had had an interest in the pool, but had become bankrupts, and their estate was in course of administration in a federal bankruptcy court in Pennsylvania. The United States was one of their creditors. The trustee in the bankruptcy proceeding had effected a settlement of the bankrupts' interest in the pool, and of course his action was subject to examination and approval or disapproval by the bankruptcy court. Some of the creditors, including the United States, were dissatisfied with the settlement. In these circumstances, disclosed in the preamble, the resolution directed the committee "to inquire into the matter and history of said real-estate pool and the character of said settlement, with the amount of property involved in which Jay Cooke & Co. [*171] were interested, and the amount paid or to be paid in said settlement, with power to send for persons and papers and report to the House." The Court pointed out that the resolution contained no suggestion of contemplated legislation; that the matter was one in respect to which no valid legislation could [***61] be had; that the bankrupts' estate and the trustee's settlement were still pending in the bankruptcy court; and that the United States and other creditors were free to press their claims in that proceeding. And on these grounds the Court held that in undertaking the investigation "the House of Representatives not only exceeded the limit of its own authority, but assumed power which could only be properly exercised by another branch of the government, because it was in its nature clearly judicial."

The case has been cited at times, and is cited to us now, as strongly intimating, if not holding, that neither house of Congress has power to make inquiries and exact evidence in aid of contemplated legislation. There are expressions in the opinion which, separately considered, might bear such an interpretation; but that this was not intended is shown by the immediately succeeding state-

ment (p. 189) that "This latter proposition is one which we do not propose to decide in the present case because we are able to decide the case without passing upon the existence or non-existence of such a power in aid of the legislative function."

Next in order is *In re Chapman, 166 U.S. 661*. The [***62] inquiry there in question was conducted under a resolution of the Senate and related to [**328] charges, published in the press, that senators were yielding to corrupt influences in considering a tariff bill then before the Senate and were speculating in stocks the value of which would be affected by pending amendments to the bill. Chapman appeared before the committee in response to a subpoena, but refused to answer questions pertinent to the inquiry, and [*172] was indicted and convicted under the act of 1857 for his refusal. The Court sustained the constitutional validity of the act of 1857, and, after referring to the constitutional provision empowering either house to punish its members for disorderly behavior and by a vote of two-thirds to expel a member, held that the inquiry related to the integrity and fidelity of senators in the discharge of their duties, and therefore to a matter "within the range of the constitutional powers of the Senate" and in respect of which it could compel witnesses to appear and testify. In overruling an objection that the inquiry was without any defined or admissible purpose, in that the preamble and resolution made no reference to any contemplated [***63] expulsion, censure, or other action by the Senate, the Court held that they adequately disclosed a subject-matter of which the Senate had jurisdiction, that it was not essential that the Senate declare in advance what it meditated doing, and that the assumption could not be indulged that the Senate was making the inquiry without a legitimate object.

The case is relied on here as fully sustaining the power of either house to conduct investigations and exact testimony from witnesses for legislative purposes. In the course of the opinion (p. 671) it is said that disclosures by witnesses may be compelled constitutionally "to enable the respective bodies to discharge their legitimate functions, and that it was to effect this that the act of 1857 was passed"; and also "We grant that Congress could not divest itself, or either of its houses, of the essential and inherent power to punish for contempt, in cases to which the power of either house properly extended; but, because Congress, by the act of 1857, sought to aid each of the houses in the discharge of its constitutional functions, it does not follow that any delegation of the power in each to punish for contempt was involved." The [***64] terms "legitimate functions" and "constitutional functions" [*173] are broad and might well be regarded as including the legislative function, but as the case in hand did not call for any expression respecting that function, it hardly can be said that these terms were purposely used as including it.

The latest case is *Marshall v. Gordon, 243 U.S. 521*. The question there was whether the House of Representatives exceeded its power in punishing, as for a contempt of its authority, a person -- not a member -- who had written, published and sent to the chairman of one of its committees an ill-tempered and irritating letter respecting the action and purposes of the committee. Power to make inquiries and obtain evidence by compulsory process was not involved. The Court recognized distinctly that the House of Representatives has implied power to punish a person not a member for contempt, as was ruled in *Anderson v. Dunn, supra*, but held that its action in this instance was without constitutional justification. The decision was put on the ground that the letter, while offensive and vexatious, was not calculated or likely to affect the House in any of its proceedings [***65] or in the exercise of any of its functions -- in short, that the act which was punished as a contempt was not of such a character as to bring it within the rule that an express power draws after it others which are necessary and appropriate to give effect to it.

While these cases are not decisive of the question we are considering, they definitely settle two propositions which we recognize as entirely sound and having a bearing on its solution: One, that the two houses of Congress, in their separate relations, possess not only such powers as are expressly granted to them by the Constitution, but such auxiliary powers as are necessary and appropriate to make the express powers effective; and, the other, that neither house is invested with "general" power to inquire into private affairs and compel disclosures, [*174] but only with such limited power of inquiry as is shown to exist when the rule of constitutional interpretation just stated is rightly applied. The latter proposition has further support in *Harriman v. Interstate Commerce Commission, 211 U.S. 407, 417-419*, and *Federal Trade Commission v. American Tobacco Company, 264 U.S. 298, 305-306*.

With this [***66] review of the legislative practice, congressional enactments and court decisions, we proceed to a statement of our conclusions on the question.

We are of opinion that the power of inquiry -- with process to enforce it -- is an essential and appropriate auxiliary to the legislative function. It was so regarded and employed in American legislatures before the Constitution was framed and ratified. Both houses of Congress took this view of it early in their history -- the House of Representatives with the approving votes of Mr. Madison and other members whose service in the convention which framed the Constitution gives special

significance to their action -- and both houses have employed the power accordingly up to the present time. The acts of 1798 and 1857, judged by their comprehensive terms, were intended to recognize the existence of this power in both houses and to enable them to employ it "more effectually" than before. So, when their practice in the matter is appraised [**329] according to the circumstances in which it was begun and to those in which it has been continued, it falls nothing short of a practical construction, long continued, of the constitutional provisions respecting [***67] their powers, and therefore should be taken as fixing the meaning of those provisions, if otherwise doubtful. n19

n19 *Stuart v. Laird, 1 Cranch 299, 309; Martin v. Hunter's Lessee, 1 Wheat. 304, 351; Ames v. Kansas, 111 U.S. 449, 469; Knowlton v. Moore, 178 U.S. 41, 56, 92; Fairbank v. United States, 181 U.S. 283, 306,* et seq.

[*175] We are further of opinion that the provisions are not of doubtful meaning, but, as was held by this Court in the cases we have reviewed, are intended to be effectively exercised, and therefore to carry with them such auxiliary powers as are necessary and appropriate to that end. While the power to exact information in aid of the legislative function was not involved in those cases, the rule of interpretation applied there is applicable here. A legislative body cannot legislate wisely or effectively in the absence of information respecting the conditions which the legislation is intended to affect or change; and where the legislative [***68] body does not itself possess the requisite information -- which not infrequently is true -- recourse must be had to others who do possess it. Experience has taught that mere requests for such information often are unavailing, and also that information which is volunteered is not always accurate or complete; so some means of compulsion are essential to obtain what is needed. All this was true before and when the Constitution was framed and adopted. In that period the power of inquiry -- with enforcing process -- was regarded and employed as a necessary and appropriate attribute of the power to legislate -- indeed, was treated as inhering in it. Thus there is ample warrant for thinking, as we do, that the constitutional provisions which commit the legislative function to the two houses are intended to include this attribute to the end that the function may be effectively exercised.

The contention is earnestly made on behalf of the witness that this power of inquiry, if sustained, may be abusively and oppressively exerted. If this be so, it affords no ground for denying the power. The same contention might be directed against the power to legislate, and of course would be unavailing. [***69] We must assume, for present purposes, that neither house will be disposed to exert the power beyond its proper bounds, or without [*176] due regard to the rights of witnesses. But if, contrary to this assumption, controlling limitations or restrictions are disregarded, the decisions in Kilbourn v. Thompson and Marshall v. Gordon point to admissible measures of relief. And it is a necessary deduction from the decisions in Kilbourn v. Thompson and In re Chapman that a witness rightfully may refuse to answer where the bounds of the power are exceeded or the questions are not pertinent to the matter under inquiry.

We come now to the question whether it sufficiently appears that the purpose for which the witness's testimony was sought was to obtain information in aid of the legislative function. The court below answered the question in the negative and put its decision largely on this ground, as is shown by the following excerpts from its opinion *(299 Fed. 638, 639, 640):*

"It will be noted that in the second resolution the Senate has expressly avowed that the investigation is in aid of other action than legislation. Its purpose is to 'obtain information [***70] necessary as a basis for such legislative and other action as the Senate may deem necessary and proper.' This indicates that the Senate is contemplating the taking of action other than legislative, as the outcome of the investigation, at least the possibility of so doing. The extreme personal cast of the original resolutions; the spirit of hostility towards the then Attorney General which they breathe; that it was not avowed that legislative action was had in view until after the action of the Senate had been challenged; and that the avowal then was coupled with an avowal that other action was had in view -- are calculated to create the impression that the idea of legislative action being in contemplation was an afterthought.

"That the Senate has in contemplation the possibility of taking action other than legislation as an outcome of the investigation, as thus expressly avowed, would seem [*177] of itself to invalidate the entire proceeding. But, whether so or not, the Senate's action is invalid and absolutely void, in that, in ordering and conducting the investigation, it is exercising the judicial function, and power to exercise that function, in such a case as we have here, [***71] has not been conferred upon it expressly or by fair implication. What it is proposing to do is to determine the guilt of the Attorney General of the shortcomings and wrongdoings set forth in the resolutions. It is 'to hear, adjudge, and condemn.' In so doing it is exercising the judicial function.

"What the Senate is engaged in doing is not investi-

gating the Attorney General's office; it is investigating the former Attorney General. What it has done is to put him on trial before it. In so doing it is exercising the judicial function. This it has no power to do."

We are of opinion that the court's ruling on this question was wrong, and that it sufficiently appears, when the proceedings are rightly interpreted, that the object of the investigation and of the effort to secure the witness's testimony was to obtain information for legislative purposes.

It is quite true that the resolution directing the investigation does not in terms avow that it is intended to be in aid of legislation; but it does show that the subject to be investigated was the administration of the Department of Justice -- whether its functions were being properly discharged or were being neglected or misdirected, [***72] and particularly [**330] whether the Attorney General and his assistants were performing or neglecting their duties in respect of the institution and prosecution of proceedings to punish crimes and enforce appropriate remedies against the wrongdoers -- specific instances of alleged neglect being recited. Plainly the subject was one on which legislation could be had and would be materially aided by the information which the investigation was calculated to elicit. [*178] This becomes manifest when it is reflected that the functions of the Department of Justice, the powers and duties of the Attorney General and the duties of his assistants, are all subject to regulation by congressional legislation, and that the department is maintained and its activities are carried on under such appropriations as in the judgment of Congress are needed from year to year.

The only legitimate object the Senate could have in ordering the investigation was to aid it in legislating; and we think the subject-matter was such that the presumption should be indulged that this was the real object. An express avowal of the object would have been better; but in view of the particular subject-matter was not indispensable. [***73] In the Chapman case, where the resolution contained no avowal, this Court pointed out that it plainly related to a subject-matter of which the Senate had jurisdiction, and said "We cannot assume on this record that the action of the Senate was without a legitimate object"; and also that "it was certainly not necessary that the resolutions should declare in advance what the Senate meditated doing when the investigation was concluded." *(166 U.S. 669-670.)* In *People v. Keeler, 99 N. Y. 463*, where the Court of Appeals of New York sustained an investigation ordered by the Senate of that state where the resolution contained no avowal, but disclosed that it definitely related to the administration of a public office the duties of which were subject to legislative regulation, the court said (pp. 485, 487): "Where public institutions under the control of the State are ordered to be investigated it is generally with the view of some legislative action respecting them, and the same may be said in respect of public officers." And again: "We are bound to presume that the action of the legislative body was with a legitimate object if it is capable of being so construed, and we have [***74] no right to assume that the contrary was intended."

[*179] While we rest our conclusion respecting the object of the investigation on the grounds just stated, it is well to observe that this view of what was intended is not new, but was shown in the debate on the resolution. n20

> n20 Senator George said: "It is not a trial now that is proposed, and there has been no trial proposed save the civil and criminal actions to be instituted and prosecuted by counsel employed under the resolution giving to the President the power to employ counsel. We are not to try the Attorney General. He is not to go upon trial. Shall we say the legislative branch of the Government shall stickle and halt and hesitate because a man's public reputation, his public character, may suffer because of that legislative action? Has not the Senate power to appoint a committee to investigate any department of the Government, any department supported by the Senate in part by appropriations made by the Congress? If the Senate has the right to investigate the department, is the Senate to hesitate, is the Senate to refuse to do its duty merely because the public character or the public reputation of some one who is investigated may be thereby smirched, to use the term that has been used so often in the debate? . . . It is sufficient for me to know that there are grounds upon which I may justly base my vote for the resolution; and I am willing to leave it to the agent created by the Senate to proceed with the investigation fearlessly upon principle, not for the purpose of trying but for the purpose of ascertaining facts which the Senate is entitled to have within its possession in order that it may properly function as a legislative body." Cong. Rec., 68th Cong., 1st Sess., pp. 3397, 3398.

[***75]

Of course, our concern is with the substance of the resolution and not with any nice questions of propriety respecting its direct reference to the then Attorney General by name. The resolution, like the charges which prompted its adoption, related to the activities of the department while he was its supervising officer; and the

reference to him by name served to designate the period to which the investigation was directed.

We think the resolution and proceedings give no warrant for thinking the Senate was attempting or intending to try the Attorney General at its bar or before its committee for any crime or wrongdoing. Nor do we think **[*180]** it a valid objection to the investigation that it might possibly disclose crime or wrongdoing on his part.

The second resolution -- the one directing that the witness be attached -- declares that his testimony is sought with the purpose of obtaining "information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper." This avowal of contemplated legislation is in accord with what we think is the right interpretation of the earlier resolution directing the investigation. The suggested possibility **[***76]** of "other action" if deemed "necessary or proper" is of course open to criticism in that there is no other action in the matter which would be within the power of the Senate. But we do not assent to the view that this indefinite and untenable suggestion invalidates the entire proceeding. The right view in our opinion is that it takes nothing from the lawful object avowed in the same resolution and rightly inferable from the earlier one. It is not as if an inadmissible or unlawful object were affirmatively and definitely avowed.

We conclude that the investigation was ordered for a legitimate object; that the witness wrongfully refused to appear and testify before the committee and was lawfully attached; **[**331]** that the Senate is entitled to have him give testimony pertinent to the inquiry, either at its bar or before the committee; and that the district court erred in discharging him from custody under the attachment.

Another question has arisen which should be noticed. It is whether the case has become moot. The investigation was ordered and the committee appointed during the Sixty-eighth Congress. That Congress expired March 4, 1925. The resolution ordering the investigation **[***77]** in terms limited the committee's authority to the period of the Sixty-eighth Congress; but this apparently was changed by a later and amendatory resolution authorizing the committee to sit at such times and places as it might **[*181]** deem advisable or necessary. n21 It is said in Jefferson's Manual: n22 "Neither House can continue any portion of itself in any parliamentary function beyond the end of the session without the consent of the other two branches. When done, it is by a bill constituting them commissioners for the particular purpose." But the context shows that the reference is to the two houses of Parliament when adjourned by prorogation or dissolution by the King. The rule may be the same with the House of Representatives whose members are all elected for the period of a single Congress; but it cannot well be the same with the Senate, which is a continuing body whose members are elected for a term of six years and so divided into classes that the seats of one-third only become vacant at the end of each Congress, two-thirds always continuing into the next Congress, save as vacancies may occur through death or resignation.

n21 Cong. Rec., 68th Cong., 1st Sess., p. 4126. **[***78]**

n22 Senate Rules and Manual, 1925, p. 303.

Mr. Hinds in his collection of precedents says: "The Senate, as a continuing body, may continue its committees through the recess following the expiration of a Congress"; n23 and, after quoting the above statement from Jefferson's Manual, he says: "The Senate, however, being a continuing body, gives authority to its committees during the recess after the expiration of a Congress." n24 So far as we are advised the select committee having this investigation in charge has neither made a final report nor been discharged; nor has it been continued by an affirmative order. Apparently its activities have been suspended pending the decision of this case. But, be this as it may, it is certain that the committee may be continued or revived now by motion to that effect, and, if continued or revived, will have all its original powers. n25 **[*182]** This being so, and the Senate being a continuing body, the case cannot be said to have become moot in the ordinary sense. The situation is measurably like that in Southern Pacific Terminal Co. v. *Interstate Commerce [***79] Commission, 219 U.S. 498, 514-516*, where it was held that a suit to enjoin the enforcement of an order of the Interstate Commerce Commission did not become moot through the expiration of the order where it was capable of repetition by the commission and was a matter of public interest. Our judgment may yet be carried into effect and the investigation proceeded with from the point at which it apparently was interrupted by reason of the habeas corpus proceedings. In these circumstances we think a judgment should be rendered as was done in the case cited.

n23 Vol. 4, sec. 4544.

n24 Vol. 4, sec. 4545.

n25 Hinds' Precedents, Vol. 4, secs. 4396, 4400, 4404, 4405.

What has been said requires that the final order in the

district court discharging the witness from custody be reversed.

Final order reversed.

MR. JUSTICE STONE did not participate in the consideration or decision of the case.

3) When back out unrepaired + deductions

-$5800 — paid $1000 for it

4) Jeff recommends to take a loss
of $4900

5) Still interest deduction of $1200 which
cannot be used until WW

3) Non-employee would result in an
audit of many of them

Case of when you shouldn't file

~~Incorrect to claim~~

1) Incorrect to characterize pre-marriage
payments as alimony [illegible]

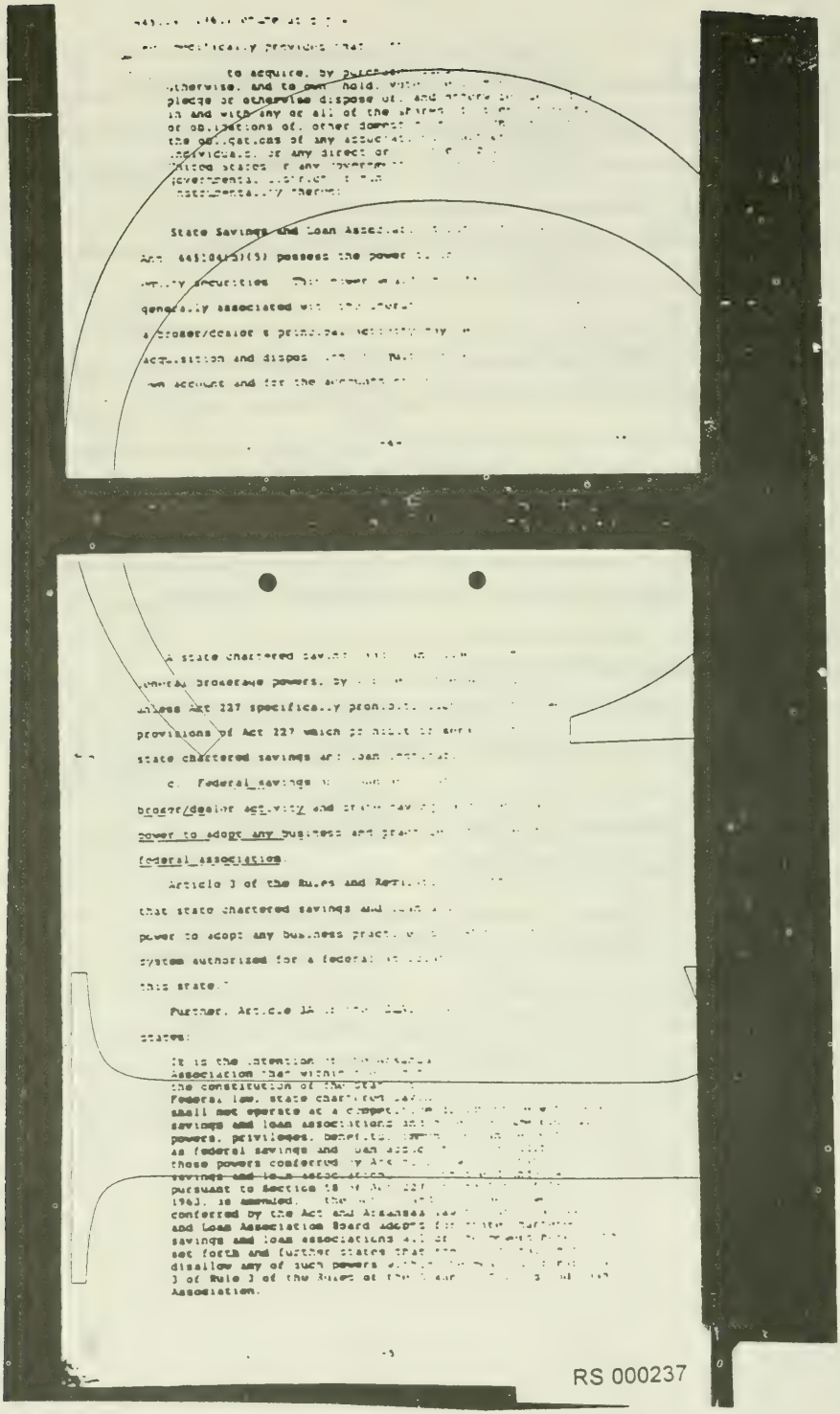
2) Incorrect to claim net deduction for
debt which should be cap.

Prior

3) Deduction of $8000 from payment
in 1950

- Tax consequences to husband
and wife

DKSNC00518



RS 000237

18 USCS § 1510 (1996) printed in FULL format.

UNITED STATES CODE SERVICE
Copyright (c) 1996, Lawyers Cooperative Publishing

*** CURRENT THROUGH 104-141, 5/6/96, ***
*** EXCEPT FOR PLs 127, 132, 134, 140 ***

TITLE 18. CRIMES AND CRIMINAL PROCEDURE
PART I. CRIMES
CHAPTER 73. OBSTRUCTION OF JUSTICE

18 USCS § 1510 (1996)

§ 1510. Obstruction of criminal investigations

(a) Whoever willfully endeavors by means of bribery to obstruct, delay, or prevent the communication of information relating to a violation of any criminal statute of the United States by any person to a criminal investigator shall be fined under this title, or imprisoned not more than five years, or both.

(b)(1) Whoever, being an officer of a financial institution, with the intent to obstruct a judicial proceeding, directly or indirectly notifies any other person about the existence or contents of a subpoena for records of that financial institution, or information that has been furnished to the grand jury in response to that subpoena, shall be fined under this title or imprisoned not more than 5 years, or both.

(2) Whoever, being an officer of a financial institution, directly or indirectly notifies--

(A) a customer of that financial institution whose records are sought by a grand jury subpoena; or

(B) any other person named in that subpoena;

about the existence or contents of that subpoena or information that has been furnished to the grand jury in response to that subpoena, shall be fined under this title or imprisoned not more than one year, or both.

(3) As used in this subsection--

(A) the term "an officer of a financial institution" means an officer, director, partner, employee, agent, or attorney of or for a financial institution; and

(B) the term "subpoena for records" means a Federal grand jury subpoena for customer records that has been served relating to a violation of, or a conspiracy to violate--

(i) section 215, 656, 657, 1005, 1006, 1007, 1014, 1344, 1956, 1957, or chapter 53 of title 31 [*31 USCS §§ 5301* et seq.]; or

(ii) section 1341 or 1343 affecting a financial institution.

(c) As used in this section, the term "criminal investigator" means any individual duly authorized by a department, agency, or armed force of the §United States to conduct or engage in investigations of or prosecutions for violations of the criminal laws of the United States.

(d)(1) Whoever--

(A) acting as, or being, an officer, director, agent or employee of a person engaged in the business of insurance whose activities affect interstate commerce, or

(B) is engaged in the business of insurance whose activities affect interstate commerce or is involved (other than as an insured or beneficiary under a policy of insurance) in a transaction relating to the conduct of affairs of such a business,

with intent to obstruct a judicial proceeding, directly or indirectly notifies any other person about the existence or contents of a subpoena for records of that person engaged in such business or information that has been furnished to a Federal grand jury in response to that subpoena, shall be fined as provided by this title or imprisoned not more than 5 years, or both.

(2) As used in paragraph (1), the term "subpoena for records" means a Federal grand jury subpoena for records that has been served relating to a violation of, or a conspiracy to violate, section 1033 of this title.

HISTORY: (Added Nov. 3, 1967, P.L. 90-123, § 1(a), 81 Stat. 362; Oct. 12, 1982, P.L. 97-291, § 4(e), 96 Stat. 1253; Aug. 9, 1989, P.L. 101-73, Title IX, Subtitle F, § 962(c), 103 Stat. 502; Oct. 28, 1992, P.L. 102-550, Title XV, Subtitle C, § 1528, 106 Stat. 4065.)
(As amended Sept. 13, 1994, P.L. 103-322, Title XXXII, Subtitle F, § 320604(c), Title XXXIII, § 330016(1)(K), 108 Stat. 2119, 2147.)

HISTORY; ANCILLARY LAWS AND DIRECTIVES

AMENDMENTS:
1982. Act Oct. 12, 1982 (effective upon enactment on 10/12/82, as provided by § 9(a) of such Act, which appears as *18 USCS § 1512* note), in subsec. (a), deleted ", misrepresentation, intimidation, or force or threats thereof" following "bribery", and substituted "shall be fined" for "; or Whoever injures any person in his person or property on account of the giving by such person or by any other person of any such information to any criminal investigator--
Shall be fined".
1989. Act Aug. 9, 1989 redesignated former subsec. (b) as subsec. (c); and added new subsec. (b).
1992. Act Oct. 28, 1992 (effective and applicable on enactment, as provided by § 2 of such Act, which appears as *42 USCS § 5301* note), in subsec. (b)(3), in subpara. (B)(i), substituted "1344, 1956, 1957, or chapter 53 of title 31" for "or 1344".
1994. Act Sept. 13, 1994, in subsec. (a), substituted "under this title" for "not more than $ 5,000"; and added subsec. (d).

NOTES:

CROSS REFERENCES

Wire or oral communications, authorization for interception, *18 USCS § 2516*.

Sentencing guidelines, Statutory Index, Sentencing Guidelines for U. S. §Courts, 18 USCS Appendix.

This section is referred to in *18 USCS §§ 1961*, 2516, 3142; *29 USCS § 1111*.

RESEARCH GUIDE

AM JUR:

58 Am Jur 2d, Obstructing Justice §§ 29, 34-39.

RIA COORDINATORS:

3 Benefits Coord, ERISA Administration, Compliance, and Termination para.38,139.

4 Pension Coord, Plan Administration para.53,141.

ANNOTATIONS:

Construction and application of *18 USCS § 1510* punishing obstruction of criminal investigations. *18 ALR Fed 875*.

LAW REVIEW ARTICLES:

Criminal law--interpretation of "misrepresentation" as found in the federal obstruction of criminal investigation statute. *14 Wake Forest L Rev 117*, Feb, 1978.

INTERPRETIVE NOTES AND DECISIONS

I. IN GENERAL
1. Constitutionality
2. Purpose
3. Construction, generally
4. Relationship with other federal laws
5. Attempts

II. ELEMENTS OF CRIME
6. Generally
7. Endeavor
8. Federal criminal investigations
9. Intent or knowledge
10. Victim as informant or potential informant
11. Success of endeavor

III. DEFENSES
12. Double jeopardy
13. Miscellaneous

IV. PROSECUTION AND PUNISHMENT
14. Jurisdiction and venue
15. Indictment
16. Bill of particulars
17. Statements of prosecutor
18. Burden of proof
19. Evidence; admissibility

20. -Sufficiency
21. Instructions
22. Verdict
23. Sentence
24. Collateral disciplinary proceedings

§
I. IN GENERAL

1. Constitutionality

Language of *18 USCS § 1510* proscribes in constitutionally sufficient terms, obstruction of investigation into criminal matter by certain designated unlawful means and is not overly broad in failing to require that actual investigation already has commenced; statute is thus not unconstitutional on its face. *United States v Lippman (1974, CA6 Mich) 492 F2d 314*, cert den (1975) *419 US 1107, 42 L Ed 2d 803, 95 S Ct 779.*

2. Purpose

18 USCS § 1510 transforms what had been common law misdemeanor into felony. *United States v Watson (1976) 423 US 411, 46 L Ed 2d 598, 96 S Ct 820*, reh den (1976) *424 US 979, 47 L Ed 2d 750, 96 S Ct 1488.*

18 USCS § 1510 was designed to deter the coercion of potential witnesses by subjects of federal criminal investigation, and is not intended to deal with communications between alleged accomplices. *United States v Cameron (1972, CA5 Tex) 460 F2d 1394.*

18 USCS § 1510 was enacted for purpose of extending protection afforded witnesses, jurors and others in judicial, administrative and congressional proceedings to potential informants or witnesses and to those who communicate information to investigators prior to case reaching court. *United States v Williams (1973, CA8 Mo) 470 F2d 1339*, cert den (1973) *411 US 936, 36 L Ed 2d 396, 93 S Ct 1912.*

18 USCS § 1510 was designed to deter coercion of potential witnesses by subject of federal criminal investigations prior to initiation of judicial proceedings and it was intended to close loophole in former laws which protected witnesses only during pendency of proceeding. *United States v San Martin (1975, CA5 Fla) 515 F2d 317.*

Primary object of *18 USCS § 1510* is to protect transmission of words of prospective informant or witness, and there is no ground in legislative history of statute for limiting its scope merely to safeguarding informants and witnesses against intimidation or injury interfering with furnishing of information to federal investigator. *United States v Fraley (1976, CA4 Md) 538 F2d 626.*

Prior to enactment of *18 USCS § 1510* it was not a crime to obstruct a criminal investigation or inquiry before the initiation of proceedings within the scope of § 1503 or 1505; § 1510 was intended to reinforce and expand existing statutory structure by applying criminal sanctions to interference with criminal investigative process. *United States v Mitchell (1973, SD NY) 372 F Supp 1239*, app dismd (1973, CA2 NY) *485 F2d 1290.*

18 USCS § 1510 was enacted to protect witness against intimidation or coercion by third party who is attempting to prevent witness from supplying information to federal investigation. *United States v Hubbard (1979, DC Dist Col) 474 F Supp 64, 4 Fed Rules Evid Serv 1076.*

3. Construction, generally

Since 18 USCS § 1510 is criminal statute, it is to be strictly construed.

United States v San Martin (1975, CA5 Fla) 515 F2d 317.

Inasmuch as there is no ambiguity in *18 USCS § 1510*, there is nothing to construe and no need to refer to legislative history in interpretation thereof. *United States v Koehler (1977, CA5 Tex) 544 F2d 1326.*

4. Relationship with other federal laws

§ Legislative history of *18 USCS § 1512* does not suggest that Congress intended that section to reach modes of conduct other than those there enumerated; accordingly, not all conduct which would have violated deleted portions of former § 1510 are covered by new § 1512. *United States v King (1985, CA2 NY) 762 F2d 232*, cert den (1986) *475 US 1018, 89 L Ed 2d 316, 106 S Ct 1203.*

18 USCS §§ 1503, 1505, 1510 by their explicit terms are applicable to different governmental activities as well as separate chronological periods. *United States v Mitchell (1973, SD NY) 372 F Supp 1239*, app dismd (1973, CA2 NY) *485 F2d 1290.*

5. Attempts

Attempts to keep another from talking to government investigators about involvement of his client were within purview of *18 USCS § 1510. United States v Lippman (1974, CA6 Mich) 492 F2d 314*, cert den *1975, 419 US 1107, 42 L Ed 2d 803, 95 S Ct 779.*

II. ELEMENTS OF CRIME

6. Generally

Elements of *18 USCS § 1510* offense are (1) wilful endeavor by means of certain actions to prevent communication of information relative to violation of any criminal statute of United States and (2) criminal investigator must be individual authorized by department or agency of United States to conduct or engage in investigations of all prosecutions for violation of criminal law of United States. *United States v Williams (1973, CA8 Mo) 470 F2d 1339*, cert den (1973) *411 US 936, 36 L Ed 2d 396, 93 S Ct 1912.*

7. Endeavor

Term "endeavor" in *18 USCS § 1510* requires less evidence or proof than term "attempt" found in *18 USCS § 1512. United States v Leisure (1988, CA8 Mo) 844 F2d 1347, 25* Fed Rules Evid Serv 487, reh den, en banc (1988, CA8) *1988 US App LEXIS 9370* and cert den (1988) *488 US 931, 102 L Ed 2d 342, 109 S Ct 324* and cert den (1988) *489 US 868, 103 L Ed 2d 802, 109 S Ct 403.*

8. Federal criminal investigations

Element of offense charged pursuant to *18 USCS § 1510* is actual, existing federal investigation of possible violation of federal criminal statute. *United States v Carroll (1971, CA7 Ill) 447 F2d 774, 19 ALR Fed 864*, cert den (1972) *404 US 1015, 30 L Ed 2d 662, 92 S Ct 673.*

Government may seek criminal sanction against those who illegally impede due administration of nation's tax laws. *United States v Hylton (1983, CA5 Tex) 710 F2d 1106, 83-2 USTC para.9506, 52 AFTR 2d 83-5713.*

18 USCS § 1510 is not violated where there was no federal investigation either being conducted or contemplated, where there was no particular federal criminal investigator about to receive information, where payment was solicited by informant, and where defendant's sole knowledge of possibility of communication of information to federal authorities was derived from threat by

customer that if he did not get credit on goods purchased he would to SEC. *United States v Siegel (1983, CA2 NY) 717 F2d 9, 14* Fed Rules Evid Serv 70.

Employees of SEC may constitute federal criminal investigators because pursuant to *15 USCS § 77a* they are empowered to investigate possible infractions as to both civil and criminal enforcement. *United States v Abrams (1982, SD NY) 543 F Supp 1184.*

9. Intent or knowledge

§ Under 18 USCS § 1510 actual knowledge by defendants that informant-victim had or was about to transmit information to federal investigators prejudicial to defendants is not required in order to satisfy element of scienter, but defendants' reasonably founded belief in this regard is sufficient. *United States v Kozak (1971, CA3 Pa) 438 F2d 1062,* cert den (1971) *402 US 996, 29 L Ed 2d 162, 91 S Ct 2180.*

There must be actual knowledge that recipient or intended recipient of information be criminal investigator for there to be *18 USCS § 1510* offense; in absence of such knowledge conviction cannot stand. *United States v Williams (1973, CA8 Mo) 470 F2d 1339,* cert den (1973) *411 US 936, 36 L Ed 2d 396, 93 S Ct 1912.*

18 USCS § 1510 does not require that investigation be taking place but does require that defendant have actual knowledge that intended recipient of information be federal criminal investigator; defendant would be guilty of *18 USCS § 1510* crime if he provided funds to party in investigation with specific intent to buy his silence, but not if he provided funds as result of threats. *United States v Lippman (1974, CA6 Mich) 492 F2d 314,* cert den (1975) *419 US 1107, 42 L Ed 2d 803, 95 S Ct 779.*

Violations of *18 USCS §§ 1503* and 1510 both require proof of specific intent to obstruct justice. *United States v Carleo (1978, CA10 Colo) 576 F2d 846,* cert den (1978) *439 US 850, 58 L Ed 2d 152, 99 S Ct 153.*

Government need not prove that attorney involved in cover up of bribery of state judge was aware of violation of federal criminal law in order to convict attorney of obstructing criminal investigation. *United States v Qaoud (1985, CA6 Mich) 777 F2d 1105,* cert den (1986) *475 US 1098, 89 L Ed 2d 899, 106 S Ct 1499.*

Failure to advise on requirement that accused willfully committed offense proscribed by *18 USCS § 1510* constituted prejudicial error requiring rehearing. *United States v Canter (1969) 42 CMR 753.*

10. Victim as informant or potential informant

There was sufficient evidence to convict under *18 USCS § 1510* where it was shown that investigation of violations under federal criminal statute was in progress, that defendants and informer had engaged in activities under investigation, that they had testified before grand jury charged with investigation, that informer had been subpoenaed to testify on day following assault upon him by defendants, that informer told mutual friend of his and defendants that he had testified, that one of defendants had said, "You turned me in," immediately before the assault, and that defendants had asked informant to drop charges. *United States v Kozak (1971, CA3 Pa) 438 F2d 1062,* cert den (1971) *402 US 996, 29 L Ed 2d 162, 91 S Ct 2180.*

Element of offense charged pursuant to *18 USCS § 1510* is actual, existing federal investigation of possible violation of federal criminal statute. It was also necessary for government to show circumstances under which communication of information was sought to be obstructed. *United States v Carzoli (1971, CA7*

Ill) 447 F2d 774, 18 ALR Fed 864, cert den (1972) *404 US 1015, 30 L Ed 2d 662, 92 S Ct 673.*

Indictment charging violation of *18 USCS § 1510* did not allege offense under that statute and must be dismissed where offense alleged was agreement between alleged accomplices to withhold evidence from federal investigators. *United States v Cameron (1972, CA5 Tex) 460 F2d 1394.*

Where government had decided not to appeal adverse suppression ruling involving earlier charges of stealing and possessing women's clothing and charges were dropped in fall of 1971, once charges had been dismissed against defendant, *18 USCS § 1510* was again available to protect informants and §potential witnesses before initiation of judicial proceeding; on date defendant shot FBI informer, January 23, 1972, informant was potentially a witness and charge under *18 USCS § 1510* was proper in that defendant shot informant because of defendant's belief or suspicion that informant informed FBI agents about defendant's thievery. *United States v Pecina (1974, CA8 Mo) 501 F2d 536,* cert den (1974) *419 US 1072, 42 L Ed 2d 668, 95 S Ct 660.*

18 USCS § 1510 is concerned with obstruction of justice both before and after initiation of judicial proceedings, thus, where jury had reasonable basis to conclude that alleged beating of "snitcher" was intended to prevent future cooperation with government as well as to retaliate for past cooperation, indictment under § 1510 was proper even though beating occurred after defendant's indictment in drug conspiracy prosecution. *United States v Koehler (1977, CA5 Tex) 544 F2d 1326.*

Where prospective murder victim was source of governmental information upon which pending indictments were based, conspiracy to murder him fit squarely within proscription of *18 USCS § 1510. United States v Questa (1979, CA5 Fla) 597 F2d 903,* cert den (1979) *444 US 964, 62 L Ed 2d 377, 100 S Ct 451, 100 S Ct 452.*

Return to informant by co-conspirators of his own funds--with which he had attempted to bribe defendants--in order to prevent him from "ratting," constituted bribery in violation of *18 USCS § 1510,* since *18 USCS § 1510* does not exclude persons who have themselves participated in crimes, and informant had no enforceable rights to funds after he had bribed defendants with them. *United States v Daly (1988, CA2 NY) 842 F2d 1380, 127 BNA LRRM 3238, 108 CCH LC para. 10412, 25* Fed Rules Evid Serv 350, cert den (1988) *488 US 821, 102 L Ed 2d 43, 109 S Ct 66, 130 BNA LRRM 3208, 110 CCH LC para. 10806.*

18 USCS § 1510 does not cover coercion of accomplices. *United States v Hubbard (1979, DC Dist Col) 474 F Supp 64,* 4 Fed Rules Evid Serv 1076.

11. Success of endeavor

In a prosecution under *18 USCS § 1510* success in endeavor is not element of offense. *United States v Carroll (1971, CA7 Ill) 447 F2d 774, 18 ALR Fed 864,* cert den (1972) *404 US 1015, 30 L Ed 2d 662, 92 S Ct 673; United States v St. Clair (1976, ED NY) 418 F Supp 201,* affd (1977, CA2 NY) *552 F2d 57,* cert den (1977) *433 US 909, 53 L Ed 2d 1094, 97 S Ct 2976.*

III. DEFENSES

12. Double jeopardy

Prosecution for violation of both *18 USCS § 1510*(a) and state statute which prohibited inducing another to commit murder was not barred on grounds of double jeopardy since federal and state interests were substantially different, maximum penalties of statutes were radically different, and federal and state statutes differed as to type of conduct prohibited and proof required to establish

offense. *People v Formicola (1979) 407 Mich 293, 284 NW2d 334.*

13. Miscellaneous

If defendant's actions were caused by another's threats, he should be acquitted of *18 USCS § 1510* charge of obstruction of justice. *United States v Lippman (1974, CA6 Mich) 492 F2d 314*, cert den (1975) *419 US 1107, 42 L Ed 2d 803, 95 S Ct 779.*

IV. PROSECUTION AND PUNISHMENT

14. Jurisdiction and venue

§ Proper venue for prosecution of violation of *18 USCS § 1510* was district in which alleged obstruction occurred. *United States v Nadolny (1979, CA7 Ill) 601 F2d 940.*

15. Indictment

18 USCS § 1510 was designed to deter the coercion of potential witnesses by subjects of federal criminal investigation, and is not intended to deal with communications between alleged accomplices; therefore, indictment charging attorney with advising his associate to remain silent as to currency accepted as retainer from alleged bank robber does not state an offense under this section, and must be dismissed. *United States v Cameron (1972, CA5 Tex) 460 F2d 1394.*

Indictment that defendants endeavored by means of bribery and intimidation to obstruct, delay and prevent communication of witness' information to FBI and that defendants willfully and knowingly endeavored to delay and prevent communication of information by party to FBI by bribery and intimidation sufficiently alleged *18 USCS § 1510* substantive offense as well as conspiracy. *United States v Lippman (1974, CA6 Mich) 492 F2d 314*, cert den (1975) *419 US 1107, 42 L Ed 2d 803, 95 S Ct 779.*

18 USCS § 1510 indictment was not insufficient because obstructive acts were committed after indictment had been returned. *United States v Koehler (1977, CA5 Tex) 544 F2d 1326.*

Two counts of witness tampering under *18 USCS § 1510* were multiplicitous, and one of convictions must be vacated, where both counts derived from single meeting at which "story" was constructed and transmitted simultaneously to 2 witnesses, since word "any" modifying "person" makes statute ambiguous, and rule of lenity must apply where Congress has not explicitly defined unit of prosecution. *United States v Coiro (1991, CA2 NY) 922 F2d 1008, 32* Fed Rules Evid Serv 296, cert den (1991, US) *115 L Ed 2d 996, 111 S Ct 2826.*

Two-count indictment in which count 1 charged defendants with intimidating witness in pending case in violation of *18 USCS § 1503*, and count 2 charged defendants with intimidating informant giving information in pending case in violation of *18 USCS § 1510*, was not multiplicitous nor duplicitous. *United States v Zolli (1970, DC NY) 51 FRD 522.*

Separate counts of indictment each charging violation of *18 USCS §§ 1503*, 1505, and 1510, respectively, were not defective and subject to dismissal on ground that such statutes are mutually exclusive and applicable to different governmental activities and separate chronological periods because alleged conduct which is not per se illegal in and of itself constitutes corrupt endeavor within meaning of statutes if alleged efforts to influence justice are made for concealed motives; while one paragraph of each count charged violation in statutory terms and second incorporated by reference so-called "means" paragraph of count one, fact that initial count set forth ways and means did not mean that court had to consider each of these ways and means in dealing with

motion to dismiss charges both because parties had not agreed on all facts, and this indictment, as instrument of accusation, containing elements of offenses charged, met settled test of sufficiency; to equate individual allegation of "means" paragraph of indictment with entirety of Government's proof would transform Rule 12(b) motion into motion for acquittal pursuant to Rule 29, Federal Rules of Criminal Procedure. *United States v Mitchell (1973, SD NY) 372 F Supp 1239*, app dismd (1973, CA2 NY) *485 F2d 1290*.

Joinder of predicate offenses, *18 USCS §§ 241*, 371, 844, 1341, and 1510, with underlying offense under § 1962 was not improper. *United States v Thevis (1979, ND Ga) 474 F Supp 117*, affd (1982, CA5 Ga) *665 F2d 616, 9 Fed Rules Evid Serv 1025, reh den (1982, CA5 Ga) 671 F2d 1379* and reh den (1982, CA5 Ga) *671 F2d 1379* and cert den (1982) *456 US 1008, 73 L Ed 2d 1303, 102 S Ct 2300* and cert §den (1982) *458 US 1109, 73 L Ed 2d 1370, 102 S Ct 3489* and cert den (1982) *459 US 825, 74 L Ed 2d 61, 103 S Ct 57*.

16. Bill of particulars

In prosecution for violation of *18 USCS § 1510*, government should be required to disclose identities of unindicted coconspirators, persons who were present to witness overt acts as well as specific means of intimidation, force and threats of force by which defendants violated § 1510. *United States v Thevis (1979, ND Ga) 474 F Supp 117*, affd (1982, CA5 Ga) *665 F2d 616, 9 Fed Rules Evid Serv 1025, reh den (1982, CA5 Ga) 671 F2d 1379* and reh den (1982, CA5 Ga) *671 F2d 1379* and cert den (1982) *456 US 1008, 73 L Ed 2d 1303, 102 S Ct 2300* and cert den (1982) *458 US 1109, 73 L Ed 2d 1370, 102 S Ct 3489* and cert den (1982) *459 US 825, 74 L Ed 2d 61, 103 S Ct 57*.

17. Statements of prosecutor

Court properly overruled motion for mistrial in *18 USCS § 1510* prosecution when prosecutor stated that defendant could have threatened to murder anyone and told jury everybody was standing around laughing and that statement was not threat, since there was no misstatement of fact in prosecutor's statement. *United States v Carzoli (1971, CA7 Ill) 447 F2d 774, 18 ALR Fed 864*, cert den (1972) *404 US 1015, 30 L Ed 2d 662, 92 S Ct 673*.

18. Burden of proof

18 USCS § 1510 requires government to show circumstances under which communication of information was sought to be obstructed. *United States v Carzoli (1971, CA7 Ill) 447 F2d 774, 18 ALR Fed 864*, cert den (1972) *404 US 1015, 30 L Ed 2d 662, 92 S Ct 673*.

To prove violation of *18 USCS § 1510*, government must prove beyond reasonable doubt that (1) defendant willfully endeavored by one of means set forth in statute to prevent communication of information relating to violation of federal criminal law; (2) that action was taken to prevent communication from being made to criminal investigator, that is, to individual authorized to conduct or engage in investigations of or prosecution for such violations; and (3) that defendant knew that recipient or intended recipient of information was criminal investigator. *United States v Abrams (1982, SD NY) 543 F Supp 1184*.

19. Evidence; admissibility

Facts surrounding arrest of suspects, appropriation of their cash, division of spoils amongst arresting officers, keeping part of contraband for sale, solicitation of bribes to conceal evidence were all admissible to show pattern of conduct by *18 USCS § 1510* defendant to conspire to obstruct lawful operations of government and sell some of narcotics involved. *United States v Papadakis*

(1975, CA2 NY) 510 F2d 287, cert den (1975) *421 US 950, 44 L Ed 2d 104, 95 S Ct 1682*.

20. -Sufficiency

Defendant's conviction under *18 USCS § 1510* could not stand in absence of evidence from which jury with justification could find that he knew of informant's status as person who intended to convey information to federal investigator and also knew that at time of assault informer possessed information relating to criminal violation of laws of United States. *United States v Williams (1973, CA8 Mo) 470 F2d 1339*, cert den (1973) *411 US 936, 36 L Ed 2d 396, 93 S Ct 1912*.

Where evidence showed that businessman had given defendant public official bribe, that after businessman received subpoena to appear and testify before §federal grand jury he went to defendant public official to discuss matter, that defendant told businessman to tell grand jury that checks were for work done by defendant's wife and for accounting services and advice respecting tax shelters given by defendant's accountant although no such services or advice had ever been given, and businessman thereafter testified before grand jury falsely along line suggested by defendant, it was sufficient to sustain conviction under *18 USCS § 1510*. *United States v Gates (1980, CA9 Nev) 616 F2d 1103*.

21. Instructions

In accused's trial for obstructing federal criminal investigation, failure of trial judge to furnish guidelines as to nature of offense, and failure to advise court members they must find that accused willfully committed offense proscribed by *18 USCS § 1510* constituted prejudicial error requiring rehearing. *United States v Canter (1969) 42 CMR 753*.

22. Verdict

Finding defendant guilty on first *18 USCS § 1510* charge of endeavoring to use force and violence was not inconsistent with acquittal on second count of violation of *18 USCS § 1510* for actual use of violence. *United States v Kozak (1971, CA3 Pa) 438 F2d 1062*, cert den (1971) *402 US 996, 29 L Ed 2d 162, 91 S Ct 2180*.

23. Sentence

Imposition of consecutive sentences for bribery as violation of *18 USCS § 1510* and as underlying violation of *18 USCS § 1952*, "Travel Act," was proper, in absence of evidence of contrary congressional intent, since proof of "endeavor" under *18 USCS § 1510* requires proof of actual bribery, but proof of "attempt" under *18 USCS § 1952*, would be satisfied by attempted bribery, and therefore, proof of one offense would not necessarily prove other; argument that 2 offenses were directed at same evil of commission of underlying felony fails, since *18 USCS § 1952* is not used merely to provide grounds for federal jurisdiction, but rather, use of interstate facilities poses its own danger. *United States v Stafford (1987, CA9 Cal) 831 F2d 1479*.

24. Collateral disciplinary proceedings

Conviction for violation of *18 USCS § 1510* warrants suspension of California attorney from practice of law for 4 years. *Re Lindgren (1979) 25 Cal 3d 65, 157 Cal Rptr 518, 598 P2d 488*.

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 American Broadcasting Companies, Inc.
All rights reserved
ABC NEWS

SHOW: 20/20 (ABC 9:00 pm ET)

January 12, 1996

Transcript # 1602

TYPE: Show; Show

SECTION: News; Domestic

LENGTH: 8476 words

HEADLINE: Hillary Clinton Speaks Out

GUESTS: HILLARY RODHAM CLINTON.

HIGHLIGHT:
A 20/20 exclusive interview with the controversial first lady, who answers questions about her role in Whitewater, the travel office firings, Madison Guaranty, Canto Grande and her new book.

BODY:
HUGH DOWNS, ABC News: Good evening, I'm Hugh Downs.

BARBARA WALTERS, ABC News: And I'm Barbara Walters and this is 20/20.

ANNOUNCER: From ABC News around the world and into your home, the stories that touch your life with Hugh Downs and Barbara Walters, this is 20/20.

Tonight-

BARBARA WALTERS: Mrs. Clinton, how did you get into this mess?

ANNOUNCER: - the first lady and Barbara Walters, face to face, confronting the damaging new claims making sensational headlines.

BARBARA WALTERS: The picture that's coming out is of this domineering first lady.

ANNOUNCER: What does she say about Whitewater, the travel office scandal, the mysterious death of Vincent Foster?

HILLARY RODHAM CLINTON: He tried [maybe] as honestly as he could have, to answer peoples' questions.

ANNOUNCER: And her impact on the presidency's future.

BARBARA WALTERS: Are you [and Mr.] a political liability?

ANNOUNCER: A Barbara Walters exclusive, the first lady under attack on all sides and fighting back. Finally, Hillary Clinton Speaks Out.

And, a story to share with family and friends- the wonder of magnificent humanity. She needed a miracle to live.

LES McMANN: [sp?] I had two young kids that needed me, you know, and I knew that I couldn't leave.

ANNOUNCER: And she got one from a total stranger.

RHONDA DUNN: [sp?] I don't think I ever got noticed until I walked into the hospital that day.

ANNOUNCER: An extraordinary gift that linked them forever, body and soul.

RHONDA DUNN: I touched her life and she touched mine also.

ANNOUNCER: We brought them together, and others, a joyous meeting of medical donors and the people they saved. Bob Brown with a story of human compassion that knows no bounds- A Gift From A Stranger.

Plus, a must see if you wear glasses or dread the thought. Some day this could be you. They're lining up for the hot new technique that puts distance in focus. Dr. Timothy Johnson highlights the booming business that's correcting nearsightedness permanently. Throw Away Your Glasses.

Those stories, tonight, January 12th, 1996, after this brief message.

Hillary Clinton Speaks Out

HUGH DOWNS: Tonight, Hillary Clinton under siege- this week the spotlight was supposed to be on her important new book about the condition of children in America, and we will talk about that a bit later. But there's now an avalanche of serious charges and sharp criticism of the first lady, who has been called a 'congenital liar' by a columnist. Her credibility and integrity are on the line and yet many Americans don't understand the fuss. What has she done, if anything, that's illegal? Has she been telling the truth? Well this week, Barbara braved the storm to sit down at the White House for an exclusive interview with the first lady.

BARBARA WALTERS: Well the headlines this week dealt with records suddenly found and memos newly discovered, a paper trail that has led even some Clinton loyalists to wonder is Hillary Clinton a liability to the president? The White House was a picture postcard in this week's snow, as quiet and still outside and inside as I've ever seen it. When we met with Mrs. Clinton, she appeared confident and serene, seemingly unruffled by this week's storm of controversy. She'd read the accusations that she was inconsistent, or worse, a liar, and she was ready to sit down and reply.

[interviewing] Mrs. Clinton, instead of your new book being the issue, you have become the issue. How did you get into this mess, where your whole credibility is being questioned?

HILLARY RODHAM CLINTON: Oh I ask myself that every day, Barbara, because it's very frustrating and confusing to me but we've had questions raised for the last four years [illegible] they've answered and they go away and more

questions come up and we'll just keep doing our best to answer them and hopefully it'll end at some point.

BARBARA WALTERS: Are you distressed?

HILLARY RODHAM CLINTON: Occasionally I get a little distressed, a little sad, a little angry, irritated. I think that's only natural. But I know that that's part of the territory and we'll just keep plowing through and trying to get to the end of this.

BARBARA WALTERS: Well let's talk about some of the things that are so much in the news this week. The travel office- last week, a 1993 memo by a former White House aide, David Watkins, was made public, in which he says that you were responsible for the firing of seven people in the White House travel office because you wanted to have an Arkansas travel agency take it's place, and there would have been nothing illegal about your doing that. But you have said you had no idea how the decision was made and that you had nothing to do with it.

HILLARY RODHAM CLINTON: Basically.

BARBARA WALTERS: Is he lying?

HILLARY RODHAM CLINTON: Well I think what is fair to say is that I did voice concern about the financial mismanagement that was discovered when the president arrived here in the White House travel office. I think that everyone who knew about it was quite concerned and wanted it to be taken care of. But I did not make the decisions. I did not direct anyone to make the decisions, but I have absolutely no doubt that I did express concern, because I was concerned about any kind of financial mismanagement.

BARBARA WALTERS: So is it a question of how much concern? I mean when you say you had nothing to do with it and he says you had everything to do with it, he's either not telling the truth or it's a misinterpretation. Where are we?

HILLARY RODHAM CLINTON: Well I think- I don't know, because I'm not aware exactly of what led him to say that. But certainly Mac McLarty, who was the chief of staff, took responsibility for the decisions, has said very clearly I did not tell him to do anything, he made the decisions, but he did it in consultation with many people whose advice he sought, whose concern he listened to. So I think, you know, that's something that I'll have to let someone else explain.

BARBARA WALTERS: You see the picture that's coming out is of this domineering first lady, you know that, and in his memo, he refers to an earlier incident in which he felt you'd been furious over his failure to transfer certain secret service agents. He says he feared any delay in firing the travel office members would not have been tolerated by you. He said there would be hell to pay. What was this secret service incident

HILLARY RODHAM CLINTON: Well I'm not sure what David Watkins is talking about. I can tell you what I was concerned about and again, expressed it. There had been some stories that were in the press attributed to secret service agents-

BARBARA WALTERS: That you had thrown a lamp or a bible at your husband.

HILLARY RODHAM CLINTON: A lamp or a bible or a Mercedes Benz or, you know, there were many variations on it. When stories like that get into what I consider to be respectable journalism, it does bother me, and it particularly bothered me that the secret service was being used to try to substantiate untrue stories and I couldn't understand that. So I was concerned about it and expressed that concern.

BARBARA WALTERS: Did you ask to have certain secret service members put in another detail?

HILLARY RODHAM CLINTON: No. No. I wanted the situation cleared up because- both for the secret service's sake, which is, after all, charged with a very difficult task and we have a great relationship with them, but also for my sake. I mean, you know, I have a pretty good arm. If I'd thrown a lamp at somebody, I think you would have known about it and, you know, when those things are said, I just don't want that to get a life of it's own.

BARBARA WALTERS: So you wanted the situation controlled or what? Use your words.

HILLARY RODHAM CLINTON: I want- right. Well I wanted, for example, the secret service to be able to say that didn't happen and-

BARBARA WALTERS: Did they?

HILLARY RODHAM CLINTON: Oh yes. I mean those stories stopped.

BARBARA WALTERS: Did you ever throw a lamp at your husband?

HILLARY RODHAM CLINTON: No I didn't.

BARBARA WALTERS: Did you ever throw a bible at your husband?

HILLARY RODHAM CLINTON: No I didn't.

BARBARA WALTERS: Do you have a terrible temper?

HILLARY RODHAM CLINTON: No, but I do get angry about things. I'm not going to deny that. I do- there are things that I think are wrong or things that I think should be fixed and I am not at all shy about expressing my opinion. I try to be a direct person and- but I don't tell people what to do. I say here's what I think and I'm concerned about this.

BARBARA WALTERS: [voice-over] Then there is the question of Madison Guaranty, a failed savings and loan that regulators say financed shady real estate deals. The bank's failure cost taxpayers $60 million. Hillary Clinton was what her law firm called 'the billing partner' for the Madison account.

[interviewing] There is a dispute as to how much work you did for the Madison Guaranty. It have said it was minimal. Investigators say you had a more involved relationship. Mrs. Clinton, I think most people don't understand it, they don't know how much you billed or how much money you made. But what they do think is were you aware of any shady practices or actual wrongdoing on the part of this savings and loan for which you did legal work?

HILLARY RODHAM CLINTON: No, I was not

BARBARA WALTERS: You did not know-

HILLARY RODHAM CLINTON: Absolutely not.

BARBARA WALTERS: Even in their real estate deals?

HILLARY RODHAM CLINTON: No, absolutely not, and in fact, this whole matter originated because of this Whitewater land deal and we said, when that came up, that this was a failed real estate transaction about 20 years ago now, where we lost money, and people said well prove it. So we proved that. Then they said well, okay, how about this? The person you were in business with also later bought a savings and loan.

BARBARA WALTERS: Mr. McDougal.

HILLARY RODHAM CLINTON: Mr. McDougal. Did you get money from that savings and loan? Was the money channeled to you? We said absolutely not.

BARBARA WALTERS: Did it go towards the president's campaign?

HILLARY RODHAM CLINTON: No, absolutely not, and, in fact, an independent study that was been done, by the Resolution-

BARBARA WALTERS: Trust.

HILLARY RODHAM CLINTON: - Trust Corporation, the RTC, by an independent law firm, has looked at that Whitewater and Madison matter and said, indeed, what we said three and four years ago was the case.

BARBARA WALTERS: But they didn't have the billing records that they now have.

HILLARY RODHAM CLINTON: Well, but that is not really the issue. You know, a month ago, people were jumping up and down because the billing records were lost and they thought somebody - I don't - I was astonished them. Now the records are found and they're jumping up and down, but I - all the records were found. I wish they had been found a year and a half ago, because they verify what I've been saying from the very beginning. I worked about an hour a week for 18 months. That was not a lot of work for me, certainly.

BARBARA WALTERS: One of the fraudulent loans of Madison Guaranty, which has gotten suddenly a lot of attention, is something called Castle Grande. In a sworn statement, you said you had no memory of working on Castle Grande.

HILLARY RODHAM CLINTON: That's right.

BARBARA WALTERS: But in the billing records show you made 14 to 16 phone calls to one of the main participants, a man named Seth Ward, and also drew up documents connected with Castle Grande. The big thing about this, again, to most people, is again I don't understand.

HILLARY RODHAM CLINTON: But there is no contradiction. Castle Grande was a trial balloon on a piece of property that was about 1,000 acres big. I never did work - on Castle Grande, never at all. And so when I was asked about it last year, I didn't recognize it - I didn't remember it. The billing records show I

did not do work for Castle Grande. I did work for something called IDC, which was not related to Castle Grande.

BARBARA WALTERS: Was that Seth Ward?

HILLARY RODHAM CLINTON: And Seth Ward was involved in that on behalf-

BARBARA WALTERS: Separate deal?

HILLARY RODHAM CLINTON: Separate deal completely. So, you know, we've asked Mr. D'Amato, tell us what the inconsistencies are. I mean any time we've been accused of something, eventually we have proven that it was a dry hole, that it was just another in the string of accusations and we will do the same with these.

BARBARA WALTERS: Mrs. Clinton, while we are clearing up rumors, you know there is the reoccurring rumor about you and Vince Foster. What was your relationship with him?

HILLARY RODHAM CLINTON: Oh, he was one of the my dearest friends, Barbara. He was a colleague, he was a partner, he'd been a friend of my husband's since they were boys of four or five years of age, and I miss him. I miss him very much and I just wish he could be left in peace, because he was a wonderful man to everyone who knew him.

BARBARA WALTERS: You know, there is then this whole business after his suicide of whether you tried to have records removed or have them examined before they were shown to the Justice Department and you have said that you did nothing to impede the investigation into his death. Had no concern over access to the documents in his office. But then there were these blizzard of phone calls, you were in Arkansas visiting your mother, from the chief of staff, Maggie Williams, and the White House Counsel Bernard Nussbaum from your close friend, Susan Thomases, phone calls back and forth, back and forth, and when Mrs. Williams and Miss. Thomases testified before the Senate committee, they keep saying they can't remember. So again, it all seems very mysterious and it looks as if you had something to cover up.

HILLARY RODHAM CLINTON: You know, I want to be very clear about this.

BARBARA WALTERS: Okay.

HILLARY RODHAM CLINTON: There were no documents taken out of Vince Foster's office on the night he died and I did not direct anyone to interfere in any investigation. I know very well what we were talking about. We were grieving. We were supporting each other. I was asking questions about how other people who were close friends and colleagues of Vince were doing, how his family were doing, and some of those phone conversations consisted of us sobbing on the phone.

BARBARA WALTERS: And nothing was taken from Vince Foster's office that you asked to have looked over kept from the eyes of the government?

HILLARY RODHAM CLINTON: I didn't even know had document of mine in his office, so that doesn't make any sense at all.

BARBARA WALTERS: You know, on the one hand, the fact that these two records, the billing records, and the travel memo come up this week, is certainly not something you could have wanted when you're trying to publicize a book, right?

HILLARY RODHAM CLINTON: That's right. Absolutely.

BARBARA WALTERS: Although Senator D'Amato said- implies- that they were going to be found anyway and that's why you had to release them, but the White House is not grandma's attic and for two years people have been looking for these records. They were in your personal effects. I mean one wonders why they were just found now?

HILLARY RODHAM CLINTON: Well one of them was.

BARBARA WALTERS: What does it look like up there with your records?

HILLARY RODHAM CLINTON: It is a mess. I mean that is something that-

BARBARA WALTERS: That's hard to understand.

HILLARY RODHAM CLINTON: but I think people do need to understand that there are millions of pieces of paper in the White House and for more than two years now, people have been diligently searching out, you know. It's something that I can't explain because I wasn't part of finding it, didn't even know it was there. But I'm glad it was found.

BARBARA WALTERS: Why don't you just go up to Capitol Hill and talk to the Senate committee yourself and get this all over with?

HILLARY RODHAM CLINTON: Well, we'll cooperate and we'll do whatever is necessary. There is nobody who wants this over more than I do. I really want it to be finished with, to bring this matter to an end

BARBARA WALTERS: And if it takes your going and testifying yourself, you'll go?

HILLARY RODHAM CLINTON: I'll do whatever it takes to cooperate.

BARBARA WALTERS: I have a tough question to ask you.

HILLARY RODHAM CLINTON: Oh dear. All your questions.

BARBARA WALTERS: Do you think that you're becoming more of the negative than a positive force for your husband? Are you becoming a political liability?

HILLARY RODHAM CLINTON: I am I hope not because I love my husband and I really believe in what he's doing and I want to help him. But I have campaigned with him for, you know, gosh, ever since I've known him, and I'm going to do the same thing in the upcoming election. At the end of the day, the American people will know that there's nothing to cover up, there is nothing that we have done that should be of any concern to anyone. We've tried, maybe not as smartly as we could have, to answer people's questions, but we'll keep doing the best we know how.

HUGH DOWNS: Well when we come back more of Barbara's exclusive interview. Mrs. Clinton on the plight of children in America, the question of abortion, divorce and the times she's had to give real to her own marriage. Stay with us.

[Commercial break]

BARBARA WALTERS: Today is the publication date for Hillary Clinton's new book about children. Mrs. Clinton, as we have already seen, has strong opinions, and so it is with her proposals to help our children. The book is titled It Takes A Village, meaning it's everyone's job, not just parents, to raise America's children. Mrs. Clinton says she wrote the book herself and the White House provided her copious longhand notes to prove it, for this book seems to represent Mrs. Clinton's deepest concerns.

[interviewing] Your book takes some very strong stands. This is not what some people thought was going to be a nice, soft book to show that you had a softer image. One of the controversial parts of your book has to do with health care. Remember health care?

HILLARY RODHAM CLINTON: Yes, I do, very well.

BARBARA WALTERS: Yeah. Okay. You speak of Medicare for older people and you want it for children. You want universal health care for children. You want federally funded or funded early education, Head Start. You want funding for proper day care. You seem to be swimming against the tide, you know? All we hear about is less government, less money. You're saying just the opposite.

HILLARY RODHAM CLINTON: Well that's because I think the tide is not going in the right direction. I think we are causing ourselves a lot of problems because we are not doing what it takes to support families and I mean hold them accountable, hold them responsible. I believe strongly in marriage. I think that divorce should be harder for people with children. I want people to take responsibility for themselves and their kids. But at the same time, I'm out there. I know how hard it is for most Americans right now. They don't have a place to put their child that is safe and good, unless it can be subsidized. So for me, this is going in the right direction because in the long run, it is cheaper than prisons, it is cheaper than violence, it is cheaper than tearing at the quality of our life together.

BARBARA WALTERS: Let's talk about some of the social issues. You have said that this is- children who have one parent are two to three times as likely to have emotional and behavioral problems as children living in two parent families, are more likely to drop out of school and get pregnant, etc., and remarriage of their parents doesn't seem to better the odds. What's your solution to the one parent dilemma?

BARBARA WALTERS: What you've just recited from my book is the case, that we need more parents to both get married and stay married in order to support children. There will always be exceptions. I write about my mother-in-law, who endured, I think, violence and abuse that should have led to a divorce. But in many instances today, it is not that extreme a case and I think we ought to do a little more, both to help parents stay together, but if it's inevitable that they are going to divorce, to provide education and counseling so that they don't let their problems affect their children.

BARBARA WALTERS: And then in your book you leave in your own personal experience and you say, "My strong feelings about divorce and it's effect on children have caused me to bite my tongue more than a few times during my own

marriage.'

HILLARY RODHAM CLINTON: Right.

BARBARA WALTERS: When? Why? Oh I can't wait to-

HILLARY RODHAM CLINTON: All the time. I think any couple-

BARBARA WALTERS: You've considered divorce?

HILLARY RODHAM CLINTON: No, never a divorce, but certainly I have thought hard about how a situation can escalate out of hand. You have to really be committed to it and you have to be willing to make compromises and to bite that tongue from time to time.

BARBARA WALTERS: To make that marriage last, almost no matter what.

HILLARY RODHAM CLINTON: At least during the childhood of those children, yes.

BARBARA WALTERS: You've heard the expression murder yes, divorce no.

HILLARY RODHAM CLINTON: Right, yes I have.

BARBARA WALTERS: Did that ever apply to you?

HILLARY RODHAM CLINTON: No, but maybe short of that. I've had, you know, just like all of us, we've had our ups and our downs but it's been such a great commitment for us and I think having Chelsea made it even stronger.

BARBARA WALTERS: I want to talk a little bit about Chelsea. She's going to be 16 next month.

HILLARY RODHAM CLINTON: Yes, she is.

BARBARA WALTERS: You've kept her out of the press and the press has been really pretty good about it.

HILLARY RODHAM CLINTON: Yes.

BARBARA WALTERS: She'll be going off to college. Tell us just a little bit about her. What is she interested in? What do you think she wants to do?

HILLARY RODHAM CLINTON: Well, she is still very interested in ballet. Right now she wants to learn to drive and get a driver's license, which is something I'm living in fear and trembling of. But her father, which is very scary, is teaching her now to drive. So they're having a good time.

BARBARA WALTERS: Well there goes that relationship there.

HILLARY RODHAM CLINTON: No, I know. They were doing everything from parallel parking to backing up. He'd come back and I'd say well how'd it go, how'd it go?' And she said, 'Well, I think Dad learned a lot.' So they really have a good time. But she'll be leaving for college and I'm just not looking forward to that myself. I will miss her so much.

BARBARA WALTERS: Let's not use Chelsea as an example, but if you had a teenage daughter who became pregnant and wanted to have an abortion, not have the baby, would you support it?

HILLARY RODHAM CLINTON: Oh gosh, I just even can't imagine that decision. I'd- I- I would do whatever I could to support her and it would be a terrible decision and we can avoid that being the choice if children are given good, responsible information and ability to say no at an earlier age.

BARBARA WALTERS: Do you feel that a parent should be notified if an under age daughter wants to have an abortion?

HILLARY RODHAM CLINTON: I believe in parental notification. I think there are exceptions. There are situations in which the family is so dysfunctional that parental notification is not appropriate. But in general, I do believe- I think that families should be part of helping their children through this.

BARBARA WALTERS: If your husband is re-elected, how will you follow on the suggestions that are made in this book?

HILLARY RODHAM CLINTON: Well one thing I'll do is try to talk as much as possible about it, because I don't really want people, necessarily, to agree with me, but I want the state of our children to be the national conversation. I want to have a conference this spring bringing together many of the people I talk about in the book, those who are actually on the front lines doing the work. Let's find out about that. Let's bring it home.

BARBARA WALTERS: You write about people pigeonholing people, especially women and you. Do you think the American people are ready yet to have a first lady who has strong opinions and an agenda?

HILLARY RODHAM CLINTON: I think so. I think some are and some aren't and I believe that this has been a learning experience for me, coming here and not really understanding all the expectations that people sort of put on this role.

BARBARA WALTERS: Tell me your greatest disappointment.

HILLARY RODHAM CLINTON: I think that I didn't know more before I got here about [illegible] I could have done a better job from the very beginning. I really do think that there could have been some different ways of pursuing health care that might have- I'm not saying it would have, because it's such a political issue, but I think I could have done some things differently and I just could have known more. I could have been better prepared for what I was getting into, not that I would have been fully prepared. There is nothing that prepares you for this experience. But I think I could have avoided some of the mistakes I made.

BARBARA WALTERS: There is a nursery rhyme in your book. Do you know the one I'm thinking of?

HILLARY RODHAM CLINTON: I think I do, yes.

BARBARA WALTERS: I couldn't say it, but you say it.

HILLARY RODHAM CLINTON: This is one of my favorites from when I used to read to Chelsea, but I was standing in the street as quiet as could be, a great big

ugly man came up and tied his horse to me. You know, I've always loved that, because in every person's life, the unexpected, the disappointing, the hardship, it always comes. None of us has a clear sail through life. We all have problems and sometimes we don't even know where they're coming from or why they're happening and it's really a challenge to just kind of keep going every single day.

BARBARA WALTERS: I must remember that nursery rhyme from her book.

HUGH DOWNS: Right. You know, what's fascinating is that in spite of her attempts to change her image, sort of become more traditional, more behind the scenes-

BARBARA WALTERS: If, indeed, she was trying to, yeah?

HUGH DOWNS: Yeah, she still is in the center of a storm. Is this book of hers going to help her any with that, do you think?

BARBARA WALTERS: I don't think it's going to make a difference to the Whitewater investigations. I think there will still be a great many people who will say when she says I don't approve of this, even though she doesn't order it, isn't that enough to make people jump and do what she wants to do?

HUGH DOWNS: The power of the position.

BARBARA WALTERS: That's right. What this book will give her is a forum to discuss the book, which has many very good social agencies that can help people and so forth. It will give her the chance to show what she is, a first lady with opinions and a first lady with knowledge. We have never had a first lady write a book while in the White House. We have not had a first lady quite like her.

HUGH DOWNS: I think people would be interested in where the money this book will make will go.

BARBARA WALTERS: It's going to go to children's hospitals and the National Association of Children's Hospitals will help Mrs. Clinton decide where it goes.

HUGH DOWNS: Thank you, Barbara.

BARBARA WALTERS: You're welcome.

HUGH DOWNS: Well next, a meeting you're not going to forget- total strangers brought together by a magnificent gift. Bob Brown has their triumphant stories, and this:

(...commercial break)

A Gift From A Stranger

ANNOUNCER: From ABC News, it's 20/20, with Hugh Downs and Barbara Walters.

BARBARA WALTERS: Well, imagine being operated on, subjecting yourself to a hospital [illegible] you're getting your heart [illegible] undergoing anesthesia, serious medical [illegible] some time, and possibly [illegible], all to help someone you've never even met. [illegible] to meet the man who's done exactly that. Now would anyone want

to do such a thing? As Bob Brown weaves their stories, you just might understand.

BOB BROWN, ABC News: [voice-over] The Dunns are coming and the McManns are waiting for them. The families have never met before, but they've been anticipating this moment for a year because when Rhonda Dunn of Rocky Mount, North Carolina leaves her car, Les McMann of Cape Cod, Massachusetts, will set eyes for the first time on the person who saved her life.

LES McMANN: Oh my god. Oh I'm crying already.

LES McMANN: Boy, you're just like I pictured you.

SCOTT DUNN: How are you?

RHONDA DUNN: I couldn't wait to meet her and her children and to just know that I was going to be a part of their lives for the rest of my life and she was always going to be a part of my life.

LES McMANN: They're adorable.

BOB BROWN: [voice-over] The McManns children, Katie and Danny, were next in line to meet Rhonda and her husband Scott and to thank her for the extraordinary gift the two of them now have in common- their mother is living with an immune system transplanted from Rhonda Dunn. This story is about how those life and death ties were built by science, but it's also about everyone who's had a feeling in a crisis that someone unknown was looking out for them.

LES McMANN: My doctor said you're severely anemic and they said, you know, have you been dizzy? Have you had a great weight loss? Have you had night sweats? And I just said no to all of the above.

BOB BROWN: [voice-over] Because she had suffered no outward symptoms, Les McMann and her husband Don were completely unprepared for the diagnosis she received.

DON McMANN: I was horrified to find out that my wife was diagnosed with cancer. All I knew about leukemia was that you die from leukemia.

BOB BROWN: [voice-over] Her only chance of overcoming the leukemia, a cancer of the blood, was to have a bone marrow transplant. But no one in her immediate family was a suitable match as a donor. Instead, they had to hope that a donor could be found somewhere on a list of nearly two million volunteers.

LES McMANN: So we waited and we prayed a lot and hoped a lot and, you know, it was a hard time.

BOB BROWN: What would you say in your prayers?

LES McMANN: I really wasn't praying for me. I was praying for my children because I knew that they needed me, you know, and I knew that I wasn't ready to die. I knew that we were going to find a donor. I knew we were.

BOB BROWN: [voice-over] While the McManns prayed for a match in Rocky Mount, North Carolina, a young man was just beginning his career as a high school football star when he received a call. Encouraged by a mother she

remembers as caring and compassionate, Rhonda Dunn responded to a drive to sign up bone marrow donors. Volunteering involves only a blood test so the donor can be typed. But if a match is made, donating the marrow requires minor surgery and in her 25 years, Rhonda had never seen the inside of a hospital.

RHONDA DUNN: I don't think I ever got noticed until I walked into the hospital that day and I realized that I had never been in a hospital before and the Red Cross coordinators, I could see were worried, because you can back out at any time and I can remember looking over at them and saying I'm- don't worry. I'm going to get through it. I'm fine. I'm just a little scared, but I'm going to be fine.

JOE BROWN: [voice-over] Here's how the process works. This footage was supplied by the National Marrow Donor Program. The donor is placed under an anesthetic and the marrow is then extracted through a needle and syringe from the back of the pelvis. The match with a recipient must be closer even than the match for heart or liver transplants because the marrow carries with it the immune system and the donation is timed to coincide with the careful preparation of the recipient.

LES MCMANN: You undergo the two days of chemotherapy and then the four days of radiation. So by that time, you're feeling pretty bad.

JOE BROWN: [voice-over] Recipients and donors aren't allowed to know each other's name for at least a year so the results of the transplant can run their course.

RHONDA DUNN: I had five tiny scars on my lower back that they should fade in time.

JOE BROWN: [voice-over] But Rhonda immediately sent a note to her recipient through the Red Cross signing it anonymously.

RHONDA DUNN: I hope to hear from you soon. Love, your donor.

JOE BROWN: [voice-over] But was back at school teaching without missing a beat, by then a happily married wife.

TEACHER: Rhonda is truly a hero to us and we're very proud and we love her very much.

JOE BROWN: [voice-over] Her school took up a collection to buy a young sapling to plant in her yard. Rhonda got her first letter from her anonymous recipient and so began a series of exchanges.

RHONDA DUNN: By the way, when I got your first letter, I cried. Scott couldn't understand my overwhelming emotions, but when I read it, it made you seem real, I feel near it.

LES MCMANN: We really started a friendship over the year and we found we're both brothers and she's the youngest of three and I'm the youngest of three and she just had a just last summer.

RHONDA DUNN: My mom did not make it through the surgery. She passed away June 23rd. I cannot tell you how much I have felt. My mom was also my best friend.

LES McMANN: A friend and I lost my mom six months prior to my diagnosis. So I could really understand how she felt.

RHONDA DUNN: I always felt that I would be called and when I was being tested for you, I kind of felt deep down that I was going to be your match. I'm so glad that I was. Being a donor has really changed my life.

LES McMANN: June 3rd is your birthday and you're turning what, 26?

RHONDA DUNN: Twenty-six.

LES McMANN: Gosh.

BOB BROWN: [voice-over] In April of 1995, we brought the Dunns with us to Massachusetts so they and the McManns could finally meet after the first year of the transplant had passed and proved a success. There were the initial exchanges of gifts, a corsage, a cake, small things of necessity to acknowledge that what Rhonda did, she did expecting nothing in return.

RHONDA DUNN: I touched her life and she touched mine also. I think I'm a better person because of it. She made me realize how special life was.

BOB BROWN: [voice-over] In the course of a year, we brought together another donor and recipient, and continued the story that the Dunns and the McManns had begun for us. Bob and I have Demyan [sp?] already had gone through a long and heart-wrenching process of needing a bone marrow transplant for their daughter. When that experience motivated them to join the list as donors, what happened next was a match that defied the laws of chance.

BOB DEMYAN: You might call it fate or, you know, a higher plan. Maybe god had this planned for us all along, you know, you can't really ever know.

BOB BROWN: [voice-over] The Demyans and their two children, Kelsey and Ryan, live in Youngstown, Ohio. Their first daughter, Taylor-Ann, [sp?] was a Down's Syndrome child who also had to battle leukemia from the time of her birth. When she reached the age of two, more urgently needing a bone marrow transplant, the Demyans increasingly survived that no one in their immediate family was a match. A drive to seek donors was followed by the local media, but the breakthrough came from overseas.

TOM BRENNAN: [From news clip] The Demyans were just told that a full match has now finally been found in France.

BOB BROWN: [voice-over] The bone marrow was flown to the U.S. and local philanthropists helped pay the Demyans expenses to Seattle, where the transplant was performed and the Demyans began a long wait for results.

BOB DEMYAN: And I had real hard time to cry in front of her, because I wanted her mom to be as normal as possible for her and I thought if I fall down asleep and I let a tear fall and she put her head up and she would wipe it and kiss my cheek and put her head down like she was taking care of me, my mom, something that I mean, I just think she understood that we were hurting and we had to be strong for her.

BOB BROWN: [voice-over] But after two months of seemingly good results, the cancer returned. The bone marrow transplant had failed.

DEBBIE DEMYAN: And I crawled in bed and I picked her up and I held her and she opened her eyes one last time and looked at me and I shook my head yes and she took her last breath and it was like she waiting for me to say I'd be all right.

BOB BROWN: [voice-over] Taylor-Ann died in 1991, just before her fourth birthday. Debbie Demyan, who teaches early childhood development, and Bob, a postal carrier, returned to their daily routines, happy to have two healthy children, always knowing that Taylor-Ann would hold her place in their family, as well. Both Bob and Debbie signed up for the bone marrow registry as donors, and it was Bob who got the call that he was a potential match for a recipient. The rest of the news exceeded his hopes.

BOB DEMYAN: They told us that it was going to be for a little girl.

BOB BROWN: And it was initially a coincidence that it went to a little girl?

BOB DEMYAN: Yes. As soon as I hung up the phone, I just had this sense of relief and it made me a little emotional, actually, and somehow I kind of knew there was going to be a reason. It seemed like there was a reason for everything that happened. I think I remember saying the word finally, like finally there's a good reason why Taylor-Ann -- It's like one died and another person lives.

BOB BROWN: [voice-over] The bone marrow traveled from Youngstown, Ohio to Surrey, British Columbia [sp?], to a girl who had emigrated with her family to Canada from Bombay, India. She is Valerie Nazareth, [sp?, the daughter of Trever [sp?] and Cecilia Nazareth [sp?]. Her class at Maple Green Elementary School chronicled Valerie's fight with leukemia. She was hospitalized at the age of 10 for chemotherapy and when her condition had grown so bad that doctors considered forgetting any hopes of a marrow transplant, the search for a donor produced the match. And as in other things, matches are most likely to be made between donors with similar backgrounds -- from the same racial or ethnic backgrounds. Valerie's marrow, her parents were told, had come from a white American from the midwest.

TREVOR NAZARETH: There wasn't any expectation.

BOB BROWN: So here you are starting on many continents apart and yet somehow this perfect match came up.

TREVOR NAZARETH: I saw it as a miracle.

CECILIA NAZARETH: A miracle.

BOB BROWN: [voice-over] And the miracle, after a year had passed, was still unfolding. Debbie Demyan became a name to the Nazareths and their friends after exchanging correspondence, and on September 25th, 1995, the Demyans set out on a journey to Vancouver, not only to meet Valerie, but also to share Valerie's miracle of life with their own experience, he taught them.

DEBBIE DEMYAN: I still -- I'm so -- the honor that gave to Taylor and I pray for -- that -- that -- wonderful blessed life because of what she-- she -- gave -- the -- the gift. So I think I understand what they're -- I -- I don't -- never -- feel that way. I don't -- not them to be

indebted to us, to feel indebted to us, you know, because this isn't something we did for that reason. This is something we did because we had to do it.

BOB DEMYAN: That's right. Hi Valerie. How you doing, honey? I'm so happy to see you. You look more beautiful in person than the pictures.

CECILIA NAZARETH: We just want to thank you.

BOB DEMYAN: You're so welcome. You're welcome. I'm so happy to help.

BOB BROWN: [voice-over] It was exceptional enough that a match was made, more so that, as chance turned out, a family that had lost a child saved a child, that this father from Youngstown and this daughter from Bombay had overcome so many odds. Appropriately enough, the next day was Valerie's 12th birthday.

BOB DEMYAN: I feel great. I mean this has been a wonderful experience. Valerie's pretty [illegible] but I know- I think I know how she felt, though.

BOB BROWN: [voice-over] Around Valerie's neck hung a small charm that the Demyans had sent with the shipment that included her bone marrow. 'Someone very special', it read. Maple Green Elementary School, where Valerie is back in class, wouldn't let Bob Demyan return to Youngstown without a visit and a photo. At first, all the pets we met may seem to have been joined by fate- the McManns and the Dunns, and the Demyans and the Nazareths, because at any given time, according to the National Marrow Donor Program, around 2,000 active searches are being conducted to find a match among nearly two million names. But sometimes life gets too much credit for what people have done.

[illegible] People can be wonderful, can't they Bob? It seems these people are likely to continue their relationship, I suppose.

BOB BROWN: It does. They certainly have since they've met. Rhonda and Les talk to each other every couple of weeks. They've exchanged Christmas gifts and Rhonda is now organizing a drive in her hometown to recruit other bone marrow donors and the Demyans and the Nazareths, as well, have continued to correspond.

[illegible] Is it always a good idea for the people to meet?

BOB BROWN: It is always a point worth raising because before these [illegible] place, they need to be seriously considered by all parties for the potential emotional consequences, if there are any, and for the understanding that there are no obligations in this process. It's done strictly from the heart when it's done.

[illegible] I've always admired bone donors but these guys even more giving. It's a fantastic thing. Thank you, Bob.

[illegible] WILLIAMS: See, that was nice, Bill. Well next, if you hate the thought of [illegible] Yes, they are and don't have it, Dr. Timothy Johnson has a medical [illegible] that may [illegible] of the world. Stay with us.

[illegible] read

[illegible] Glasses

HUGH DOWNS: Well word is spreading, and so is the excitement. A medical breakthrough is revolutionizing the treatment of nearsighted vision. Tonight, Dr. Timothy Johnson will show you how it's done. You'll be amazed at what advanced technology and skilled hands can achieve, and some day soon, your doctor may say throw away your glasses.

Dr. TIMOTHY JOHNSON, ABC News Medical Editor: [voice-over] They've made them better looking, more stylish, with different colors and interesting shapes. They tell us they are even youthful, sporty, sexy. But no matter what they do to the frames, they are still glasses, and for millions of Americans, they are a royal pain.

1st EYEGLASS WEARER: If they don't fit over your ear tightly enough, then they'll slip off.

2nd EYEGLASS WEARER: I'm constantly scratching them. Keeping them clean is a [illegible].

3rd EYEGLASS WEARER: When it rains on your glasses, it's a problem.

4th EYEGLASS WEARER: They break often.

5th EYEGLASS WEARER: My pet steps on them.

Dr. TIMOTHY JOHNSON: [voice-over] Most younger Americans need glasses or contact lenses because they are nearsighted, that is, they can't focus on objects at a distance. Here's why. Normally the front curved part of the eye, the cornea, helps to bend light waves coming in so they focus on the retina, the back part of the eye that sends light signals to the brain. Nearsightedness occurs when light rays focus in front of the retina. Glasses or contacts bring that focus back to the retina. But what about something other than glasses or contacts to correct vision? In 1973, this Russian doctor introduced the first surgical [illegible] to eliminate glasses for nearsightedness. It is called radial [illegible], RK for short, and it was first done in this country in 1978. RK involves making four to eight incisions in the cornea like spokes in a wheel. These incisions [illegible] the cornea flatten, causing less bending of light rays. Those RK allows can be able to throw away their glasses. Millions in this country have had it done, but many millions more were waiting for something better and for many, that something is the laser.

[illegible] Boston] Last October, after seven years of study, Summit Technology [illegible] Massachusetts became the first company to win FDA approval for the [illegible] laser to treat nearsightedness. The Summit laser is already in use at [illegible] centers and the predictions are that the laser will be six times more [illegible] than the knife procedure.

[illegible] The laser procedure is called photorefractive keratotomy or PRK for short. It involves using a computerized laser to carefully reshape the front [illegible] of the cornea, the eye's curving [illegible].

[illegible] Called Pixel, for Powerful. It employs a laser. [illegible] is a very [illegible] system, and it is essentially robotic surgery. The surgeon only has to [illegible] the patient properly and be sure it's aimed right.

[illegible]

Dr. GEORGE WARING: The cons of PRK are that the recovery is slow. It takes a week for the vision to come back and there's some pain afterwards. The other con is that the procedure takes about a year to settle down, so the final outcome isn't known for somewhere between six and 12 months.

Dr. TIMOTHY JOHNSON: (voice-over) But many patients who were hesitant about RK apparently believe the laser is the answer. Susie Patton [sp?] has come to UCLA Medical Center to see Dr. Robert Maloney, [sp?] who does 15 PRK procedures a week. Although he had done it earlier, Dr. Maloney, for our cameras, repeats her vision test. She can only read the first two lines. Then Susie is prepared for the laser. She gets medicine to numb the eye and eliminate pain. Dr. Maloney then puts in a retainer to hold the eyelids in place so Susie doesn't blink. Next, he actually tests the laser so Susie knows what it looks and sounds like.

Dr. ROBERT MALONEY, UCLA Medical Center: Look right at the green light and here we go with a practice. It's a bit of a surprise, but it doesn't hurt at all.

Dr. TIMOTHY JOHNSON: (voice-over) Finally, in a matter of seconds, it's over.

Dr. ROBERT MALONEY: Very nice, right at the green light. Perfect. You're all finished. You did great.

Dr. TIMOTHY JOHNSON: (voice-over) Now, Dr. Maloney checks Susie's vision. Not only can she read the top two lines, she can now read down all the way to the eight line.

SUSIE PATTON: I knew that the first time I could only read the top two lines and then as I kept going down I'm like oh, this is amazing, you know, that I can really see.

Dr. TIMOTHY JOHNSON: (voice-over) However, Dr. Waring and a few others are experimenting with a new version of laser surgery called lasik, in which the surgeon first cuts a flap from the cornea, which can then be put back in place after laser reshaping. This flap hastens healing and reduces pain, but the procedure requires more surgical skill and the flap can produce complications, which is why FDA approval is at least a year away.

BARBARA WALTERS: This is fantastic, Tim. Joining us now from Boston is Dr. Samuel Melamed. Tim, should everybody who's nearsighted do this?

Dr. TIMOTHY JOHNSON: Well in order to qualify for the two procedures now approved, RK and PRK, you have to be at least 21, you have to have relatively stable vision, in other words you can't be changing. You have to be free of other eye problems and maybe most importantly, they are approved only for mild to moderate nearsightedness. So if you have very severe nearsightedness, these procedures may not yet available. The lasik procedure, by the way, may be available to people with even severe nearsightedness. About 80 or 90 percent of people with nearsightedness would qualify for one of these two procedures.

BARBARA WALTERS: Now is it- should they- is this something they should do next year or- because something even better that's going to happen?

Dr. TIMOTHY JOHNSON: Well it's certainly not a life and death matter and I would say to someone a person is really to take the plunge, probably with the new

laser procedure, because it's going to be available and it's standardized, they might want to wait until this new one that we just described quickly at the end is available. I would say it's important to go to a doctor who can do more than just one type of procedure, who can decide which one is best for you.

BARBARA WALTERS: And no down side, no danger?

Dr. TIMOTHY JOHNSON: Well there's a slight risk of a puncture or something. That's extremely rare. The big risk is that you may have to have another procedure if the vision isn't corrected enough, or the correction may go too far and you may have to wear glasses for this reason. But most people are very satisfied.

BARBARA WALTERS: Well, as someone who's worn glasses and contact lenses, I just think it's absolutely amazing. We'll be right back. Thank you, Tim.

[Commercial break]

HUGH DOWNS: Watch Nightline after your local news tonight with a report on snow, and that is it for 20/20 for tonight. We thank you for joining us.

BARBARA WALTERS: Remember, we're in touch, so you be in touch. I'm Barbara Walters.

HUGH DOWNS: And I'm Hugh Downs.

BARBARA WALTERS: And for all of us at 20/20, good night.

The preceding text has been professionally transcribed. However, although the transcript has been checked against an audio track, in order to meet rigid [illegible] and transmission deadlines, it has not yet been proofread against videotape.

[illegible]

LOAD-DATE: January [illegible]

SCHEDULE OF MACK MCLARTY

THURSDAY, MAY 6, 1993
Draft (05/06/93 9:08 am)
NOTE: *Tom Brokaw will follow the President all day.*

Craig Kirby: Pager 202/395-6661 #4145 Cellular 202/365-2756
COS Office 202/456-6797 (Marilyn Home 703/998-5635)
Karen Sudbay Pager 202/395-6661 #4232 Home 703/276-8212

7:45 am
8:15 am

8:15 am
9:00 am

NOTE: Erskine Bowles & his family will be touring the West Wing and will be stopping in very briefly to say hello some time around 8:45-9:00 am. Contact: Susan McNey 205-6702/Beeper 605-7078.

9:00 am
9:15 am

*

S 012334

S 009210

...ICENT FOSTER
June 16, 1993 5:40 pm

TIME IN	NOTES/RESOLUTION	NAME/AGENCY	PHONE NO.	MESSAGE
		Webb	514 9500	
4:17 PM		Jim McDougal	501 246 4420	re tax returns of HRC, VWF and McDougal

Wasserman

Sometimes relied on Clinton's returns for audience

Don't want to go back into that box

Was M:D trying to circumvent bank loss -
why not getting loan from other

Lupus

HCR transaction at Lot

1) Long term capital gain treatment

Rainer Chs RE

Reasonable for tennis purposes
vs IRS audit

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 News World Communications, Inc.
The Washington Times

July 9, 1993, Friday, Final Edition

SECTION: Part A; Pg. A1

LENGTH: 1046 words

HEADLINE: GOP says Thomason may have broken law

BYLINE: Paul Bedard; THE WASHINGTON TIMES

BODY:

House and Senate GOP leaders are investigating whether President Clinton's Hollywood pal Harry Thomason used his quasi-federal-officer status to steer White House travel business to his company in violation of federal law.

In a growing partisan war between congressional Republicans and the White House, GOP leaders are building the case that Mr. Thomason held an official position in the early Clinton White House and violated a federal law banning federal officers from steering government work to firms they have an interest in.

Congressional Republicans are focusing on Mr. Thomason's job as a director of the Inaugural Committee and his role as a "presidential adviser" who held an exclusive all-points White House pass and was given office space and a secretary during the first month of the Clinton administration.

The Republicans claim that Mr. Thomason, co-producer of the CBS sitcoms "Evening Shade" and "Designing Women," was essentially an administration officer because he had the pass and office rights of a top Clinton "adviser."

A July 2 White House probe of the "Travelgate" scandal reported that Mr. Thomason sought to steer White House travel office business to a company in which he is part owner - Thomason, Richland & Martens, a small aviation firm.

"You can make a strong case that he was a special employee . . . who took actions that would benefit him," said a congressional Republican leadership aide.

"He seemed to be a de facto employee since he had a pass. He had a quasi-official status," said Rep. William Clinger Jr. of Pennsylvania, the top Republican on the House Government Operations Committee.

White House spokesman Arthur Jones said yesterday that Mr. Thomason never held any official status at the White House. "He's not a federal employee. . . . He's just a friend," he said.

But the White House travel office report written by Chief of Staff Thomas F. "Mack" McLarty said Mr. Thomason had a "special assignment" in the White House during the first weeks of the administration.

Mr. Clinger rejected Mr. Jones' characterization, charging that the White House was twisting federal rules to give Mr. Thomason an escape from federal conflict-of-interest laws, such as Section 208 of the Federal Code.

"It suggests a very cavalier attitude toward governance and suggests that the White House approach is 'since we are in command, we can do anything we want regardless of the rules and regulations,' " Mr. Clinger said.

GOP leaders, including House Minority Leader Robert H. Michel and Senate Minority Leader Bob Dole, are considering asking Attorney General Janet Reno to appoint a special prosecutor to investigate the affair, which led to the reprimand of four White House officials.

Short of that, the Republicans will seek a General Accounting Office investigation or set up their own independent inquiry, Mr. Clinger said.

Jed Babbin, a federal legal expert and former Pentagon counsel, said Mr. Thomason's title or role is not clear. But he added, "If he is an officer of the executive branch, then it appears he would have violated Section 208 by trying to steer a contract for White House business to a company he has an interest in."

Either way, "somebody ought to look into this," Mr. Babbin said.

Officials said the congressional Republican probe also is expected to examine other relationships and questions raised in the White House investigation of the travel office scandal. Among them:

* Why was first lady Hillary Rodham Clinton involved in an attempt to oust longtime travel office employees and replace them with the president's cousin Catherine Cornelius and others?

The White House report said Mrs. Clinton inquired about problems she had heard existed in the travel office but didn't provide further details.

* Was David Watkins, assistant to the president for management and administration, involved in efforts by Miss Cornelius to seize control of the travel office and oust seven longtime travel office workers?

* Why hasn't the White House fired or demoted the four senior officials singled out for reprimand in the travel office report?

The four were Miss Cornelius, Mr. Watkins, Deputy Communications Director Jeff Eller and Watkins aide Clarissa Cerda. Mr. Jones said yesterday that none of the aides have been fired or demoted, adding that Mr. Eller has been given the prominent role of directing the administration's promoting of its health care plan.

The White House's report on the travel office, unusual in its frankness, found a handful of management problems with the White House travel office, but no criminal charges have been filed against any of the seven workers.

The report also found that many White House officials acted improperly in firing the travel office workers before lodging any formal charges. Two of the workers have since retired and the remaining five are to be reassigned.

Mr. Thomason, who has essentially been banned from the White House due to administration concerns about reports about the president being too close to Hollywood, was a central figure in the travel office scandal, according to the report.

During the presidential campaign, Mr. Thomason's firm did billing and consulting work for the Clinton campaign's air charter broker. Rebuffed by the travel office, Mr. Thomason told Mr. Clinton he thought the travel office was engaged in wrongdoing, the report said.

The report concluded that White House staff failed to keep Mr. Thomason out of the travel office probe.

"Thomason should have avoided continued involvement in a matter in which his business partner and his friends in the charter business stood to benefit and in which there was an appearance of financial conflict of interest," said the report.

"There should be better management control with respect to the mission that any non-White House staff person is brought in to carry out. Permitting Thomason - or any non-staff person who comes in on special assignments - to work on problems outside the scope of his or her assignment is not a good practice."

GRAPHIC: Photo (color), An adviser? Harry Thomason's role in the White House is under scrutiny., By AP

LANGUAGE: ENGLISH

(3C)

DRAFT

business to a single charter company, and told her that the functions of that office could be easily replaced and reallocated.

Once this made it onto the First Lady's agenda, Vince Foster became involved, and he and Harry Thomason regularly informed me of her attention to the Travel Office situation -- as well as her insistence that the situation be resolved immediately by replacing the Travel Office staff.

Foster regularly informed me that the First Lady was concerned and desired action -- the action desired was the firing of the Travel Office staff. On Friday, while I was in Memphis, Foster told me that it was important that I speak directly with the First Lady that day. I called her that evening and she conveyed to me in clear terms that her desire for swift and clear action to resolve the situation. She mentioned that Thomason had explained how the Travel Office could be run after removing the current staff -- that plan included bringing in World Wide Travel and Penny Sample to handle the basic travel functions, the actual actions taken post dismissal, and in light of that she thought immediate action was in order.

On Monday morning, you came to my office and met with myself and Patsy Thomasson. At that meeting you explained that this was on the First Lady's "radar screen." The message you conveyed to me was clear: immediate action must be taken. I explained to you that I had decided to terminate the Travel Office employees, and you expressed relief that we were finally going to take action (to resolve the situation in conformity with the First Lady's wishes). We both knew that there would be hell to pay if, after our failure in the Secret Service situation earlier, we failed to take swift and decisive action in conformity with the First Lady's wishes. You then approved the decision to terminate the Travel Office staff, and I indicated I would send you a memorandum outlining the decision and plan, which I did.

I have never stated all this so clearly before, but to form a complete and accurate picture it must all be kept in mind while reading the specific criticisms of the Podesta Management Review. I will now address those criticisms directly.

RESPONSE TO SECTION II "DISCUSSION OF PRINCIPAL ISSUES" OF TRAVEL OFFICE REVIEW

"Travel Office Management" (Page 14):

> "The review conducted by KPMG Peat Marwick uncovered serious financial mismanagement." At _.

At the strong recommendation of myself and others in my office, KPMG Peat Marwick was brought in -- instead of having the FBI take over immediately -- to review the financial practices of the Travel Office. I concurred in Peat Marwick's analysis and conclusions: Management of the Travel Office was abysmal.

[redacted]

U.S. Department of Justice
Executive Office for United States Attorneys

Office of the Director — Washington, D.C. 20530

DATE: June 8, 1993

TO: Douglas N. Frazier
Associate Deputy Attorney General

FROM: Deborah C. Westbrook
Legal Counsel

Pursuant to our conversation of June 7, 1993, attached is a memorandum dated March 19, 1993, regarding the recusal of the United States Attorney's office for the Eastern District of Arkansas on a Resolution Trust Corporation referral. Please advise this office of your decision regarding this matter. If you have any questions, you can reach me at 514-4024.

Attachment

Doug - Please brief me on background. DM 6-9-93

006675

Received 6/9/93

RECORD TYPE: NONE

CREATOR: Linda R. Tripp (TRIPP_L) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:49

SUBJECT: RE: TS

TO: Deborah L. Gorham (GORHAM_D) (WHO)
READ:READ

TEXT:
i recall the shredded talk, because when we spoke to and he briefed us on comportment and interrogation, you mentioned that -- that was on WEDNESDAY evening, right? So it took until MONDAY to figure out it should be looked at? Christ. And we're the support staff???????????



Z000354

Clifford M. Sloan
Notes of Meeting
July 22, 1993
Page 15 of 16

Don Flynn, Secret Service
Paul Imbordino

Capt. Charles Hume, U.S. Park Police
Det. Peter Markham, U.S. Park Police

Scott Salter, FBI
Dennis Condon, FBI

David Margolis, DOJ
Roger Adams, DOJ

Mike Spafford, family

WH

Bernie
Cliff
Steve Neuwirth
Bill Burton

get Maggie - go thru office - get HRC, WJC stuff

First Family - SF 278

First Family - 1994 Income Tax Returns

First Family - General

HRC - CLE/Arkansas Law License

First Couple - Blind Trust

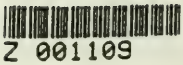
First Family - Arkansas Home

POTUS - Arkansas Office

WJC - Passport

WJC - Papers

First Family - SF278 pre-POTUS



REDACTED

7 201119

REDACTED

Z 001111

REDACTED

aa1112

REDACTED

Z 001113

REDACTED

Z 001114

Cabinet I

Hubbell Confirmation

Reno

Presidential Appointments and Nominations

Cabinet II

POTUS - SF 278

First Family - 1994 Income Tax Returns (removed)

First Family - General (removed)

HRC - CLE/Arkansas Law License (removed)

First Couple - Blind Trust (removed) —

First Family - Arkansas Home (removed)

WJC - Papers (removed)

First Family - SF278 pre-POTUS (removed)

Clinton Mansion (removed)

POTUS - Arkansas Office

WJC - Passport

Clinton - Campaign '92 Correspondence

Clinton - Baird Confirmation

Clinton - Clinton Papers

Clinton - Department of Justice

Z 001115

Ickes - Personal & Confidential

Nepotism - Volume I

Nepotism - Volume II

Health Care Tort Reform

Clinton - Memo

Transition Notes

Transition - Vetting Notes

AG candidates

Miscellaneous

Clinton - Legal

Cabinet III

Residence Security

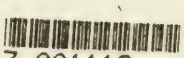
Sean Haddon matter

Bush - File Index

Cabinet IV

Stephen Breyer

Bruce Babbitt



Loose

D.C. Income Tax Exemption

Tikkun Magazine

Immediate Attention

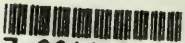
Dallas, Texas 04/29/93

Signature

Residence

Updated 10/25/93

Executive Residence Security



First Family - SF 278

First Family - 1994 Income Tax Returns

First Family - General

HRC - CLE/Arkansas Law License

First Couple - Blind Trust

First Family - Arkansas Home

POTUS - Arkansas Office

WJC - Passport

WJC - Papers

First Family - SF278 pre-POTUS



RECORD TYPE: NONE

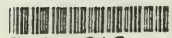
CREATOR: Deborah L. Gorham (GORHAM_D) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:47

SUBJECT: TS

TO: Linda R. Tripp (TRIPP_L) (WHO)
READ:READ

TEXT:
On Wednesday, I told Bernie that VWF had placed shredded remnants of personal documents in the bag. On Thursday, I told Bernie in front of everybody that shredded remnants were in the bag.



SM8425

CONTROL NUMBER MCADOO
ACCOUNT NUMBER 664 [Phone Number]
BILL DATE 19930723

[Name and Residence Address]

PAGE 000008

ITEMIZED CALLS FOR AT&T

NO	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT
7	7 20	913PM	WASHINGTON DC	[Hill[ome Res.]		E	16	2.40 NV
8	7 20	1003PM	CARPINTRIA CA	[Friend]		E	4	.60 NV
9	7 20	1019PM	NEW YORK	NY	[Thomases Res.]	E	20	3.00 NV
10	7 20	1041PM	WASHINGTON DC	202	628 7087	E	10	1.50 NV
11	7 20	1052PM	ALEXANDRIA VA	[Huber Res.]		E	4	.60 NV
12	7 20	1146PM	WASHINGTON DC	[Family]		N	2	.26 NV
13	7 21	1209AM	WASHINGTON DC	[White House Res.]		N	13	1.69 NV
14	7 21	756AM	WASHINGTON DC	[WH Switchboard]		N M	37	8.11 NV
15	7 21	850AM	WASHINGTON DC	[DOJ Command Ctr.]		D		.23 NV
16	7 21	1044AM	TAHOE CITY CA	[Sunnyside Hotel]		D	15	3.60 NV
17	7 21	1104AM	WASHINGTON DC	[Anthony Res.]		D		.23 NV

"Z" - AT&T SELECTSAVER PLAN-CHARGES NOT INCLUDED IN TOTAL
"V" - AT&T SELECTSAVER PLAN-5% DISC CALLS-CHARGES NOT INCLUDED IN TOTAL

PAGE 000009

NO	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT
18	7 21	414PM	WASHINGTON DC	[DOJ Command Ctr.]		D	1	.23 NV
19	7 21	540PM	WASHINGTON DC	[WH Switchboard]		E	2	.30 NV
20	7 21	544PM	WASHINGTON DC	[DOJ Command Ctr.]		E	2	.30 NV
21	7 21	645PM	WASHINGTON DC	[Lindsey Off.]		E	13	1.80 NV
22	7 21	902PM	WASHINGTON DC	[Friend]		E	13	1.95 NV
23	7 21	917PM	MIAMI	FL	[Family]	E	40	6.00 NV
24	7 22	657AM	WASHINGTON DC	[Houston on O St.]		N	3	.39 NV
25	7 22	218PM	MIAMI	FL	[Family]	D	21	5.04 NV
26	7 22	1019PM	WASHINGTON DC	[WH Switchboard]		E	1	.15 NV

"Z" - AT&T SELECTSAVER PLAN-CHARGES NOT INCLUDED IN TOTAL
"V" - AT&T SELECTSAVER PLAN-5% DISC CALLS-CHARGES NOT INCLUDED IN TOTAL

09-27-95 11:29AM FROM HUNT VALLEY PAGE.002

ALFONSE M. D'AMATO, NEW YORK, CHAIRMAN
PHIL GRAMM, TEXAS
RICHARD C. SHELBY, ALABAMA
CHRISTOPHER S. BOND, MISSOURI
CONNIE MACK, FLORIDA
LAUCH FAIRCLOTH, NORTH CAROLINA
ROBERT F. BENNETT, UTAH
BOB GRAHAM, MINNESOTA
BILL FRIST, TENNESSEE
PAUL S. SARBANES, MARYLAND
CHRISTOPHER J. DODD, CONNECTICUT
JOHN F. KERRY, MASSACHUSETTS
RICHARD H. BRYAN, NEVADA
BARBARA BOXER, CALIFORNIA
CAROL MOSELEY-BRAUN, ILLINOIS
PATTY MURRAY, WASHINGTON
RICHARD A. MICHELL, STAFF DIRECTOR
ROBERT J. GIUFFRA, JR., CHIEF COUNSEL
PHILIP E. BECHTEL, DEPUTY STAFF DIRECTOR
STEVEN B. HARRIS, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510-6075

September 15, 1995

Custodian of Records
Bell Atlantic, Inc.
99 Shewan Road
Cockeysville, MD 21030

Dear Sir or Madam:

Enclosed please find a subpoena for records in your possession relating to your customers in the Washington, D.C., area.

I have discussed the subject matter of the subpoena with Doug McCollum, Esq., the Assistant Compliance Officer of your company. With respect to subparagraph (1) of the subpoena, requesting records for 202-332-0850, Mr. McCollum has indicated that you have toll records for that number for the relevant time period, and he has requested that members of your staff set aside those records in anticipation of the enclosed subpoena.

Please note that the subpoena commands production by September 22, 1995. Please call me at 202-224-0525 if you have any questions.

Thank you.

Very Truly Yours,

Viet D. Dinh
Associate Special Counsel

cc: Lance Cole, Esq.
Democratic Deputy Special Counsel

SEP 27 '95 11:10 FROM HUNT VALLEY PAGE.002

UNITED STATES OF AMERICA

SEP 18 19[illegible]

SEP 18 1995

Congress of the United States

To Bell Atlantic - Washington, D.C.. Inc
Security, Rm W133, 99 Shewan Road
Cockeysville, MD 21030, Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the Special Committee to Investigate Whitewater Development Corporation and Related Matters of the Senate of the United States, on or before September 22, 1995, at 5:00 o'clock p.m., at their committee room 534 Dirksen Senate Office Building, Washington, D.C. 20510, then and there ~~to testify what you may know relative to the subject matters under consideration by said committee.~~ 1) to produce all records reflecting or relating to any telephone call to or from 202-332-0850 on July 20 through 22, 1993 and on July 26, 1993, and 2) to produce the identity and address of all persons, corporations, or entities registered or having access to the telephone number 202-628-7087 in July, 1993. A personal appearance is unnecessary.

Herein fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To Joseph Kolinski, Chief Clerk

to serve and return.

Given under my hand, by order of the committee, this 14th day of September, in the year of our Lord one thousand nine hundred and ninety five.

Chairman, Committee on Special Committee to Investigate Whitewater Development Corporation and Related Matters.

DT 2090-95

9-18-95

SEP 27 '95 11:09 FROM HUNT VALLEY PAGE.001

Bell Atlantic

Bell Atlantic Corporation
99 Shawan Road, Room 133W
Cockeysville, Maryland 21030

CERTIFIED RECORDS
OF REGULARLY CONDUCTED BUSINESS ACTIVITY

I HEREBY CERTIFY that I am authorized to execute this Certification and that the enclosed documents are duplicates of records of regularly conducted business activities which:

(A) were made, at or near the time of the occurrence of the matters set forth by (or from information transmitted by) a person with knowledge of those matters,

(B) are made and kept in the course of the regularly conducted business activities, and

(C) were made and kept by the regularly conducted business activities as a regular practice.

SEP 1 4 1995

Date

Lic = DT2104-95

Shirley M. Gallant
Law Enforcement Liaison Unit

Bell Atlantic - DC Inc

Bell Atlantic IQ Card

Agcy	Date	Time	Place Called	Number	From	Number	Mins	RC	Amount	ESTC	LIBCBC	Time	LAT	OFC	ADJCRCD/JNO
[redacted]															

Q AT&T call charged to Bell Atlantic IQ Card

TOTAL 80.52

MCI Telecommunications

Agcy	Date	Time	Place Called	Number	From	Number	Mins	RC	Amount	ESTC	LIBCBC	Time	LAT	OFC	ADJCRCD/JNO
	7 20	918PM	LITTLEROCK AR	501 664 7468		202 332 0850	26	*E	3.84	J1S	00	2118	0	0	J
	7 21	1256AM	LITTLEROCK AR	501 664 3182		202 332 0850	1	*N	.12	J1B	00	0056	0	0	J
	7 21	1256AM	LITTLEROCK AR	501 664 3192		202 332 0850	11	*N	1.37	J1B	00	0056	0	0	J
	7 21	110AM	NEW YORK NY	212 772 6019		202 332 0850	14	*N	1.64	J1B	00	0110	0	0	J
	7 22	744AM	LITTLEROCK AR	501 664 3192		202 332 0850	7	*N	.87	J1B	00	0744	0	0	J
	7 22	1255PM	LITTLEROCK AR	501 664 3192		202 332 0850	1	*D	.22	J1K	00	1255	0	0	J
	7 22	1127PM	LITTLEROCK AR	501 664 7468		202 332 0850	9	*N	1.12	J1B	00	2327	0	0	J
	7 22	1137PM	LITTLEROCK AR	501 664 7468		202 332 0850	2	*N	.25	J1B	00	2337	0	0	J

[redacted]

202 332 0850 MCI CARD SUBTOTAL .00

MCI CALLING PLANS:
F = Friends & Family or Friends of the Firm Call
P = Premier Plan Call
% = Premier Plan Discounted Call
& = International Plan Call
V = Free Speech Call

MCI 2M605553 THRU AUG 19 SUBTOTAL 32.59

Long Distance Calls		32.59
Directory Assistance	2 call(s)	1.28
Federal tax		1.12
State and local surcharge		3.60

& = International Plan Call
V = Free Speech Call

MCI 2H605553 THRU JUL 19	SUBTOTAL	29.99
Long Distance Calls		29.99
Directory Assistance 1 call(s)		.64
Federal tax		1.02
State and local surcharge		3.26
MCI 2H605553 DISCOUNTED SUBTOTAL		34.91
07002 is the marketing code for 930719		
	TOTAL	34.91

202 332 0850 123 ACCOUNT NUMBER 7-29-93 BILL DATE

ITEMIZED CALLS

C&P Telephone Company

Agcy	Date	Time	Place Called	Number	From	Number	Mins	RC	Amount	ESTC	LIBCBC	Time	LAT	OFC	ADJCRCD/3NO
	7 22	900PM	LOCAL MESSAGE	202 785 1521	WASH	DC 202 638 8084	2		.77	6CK	B2004	2100	1	0	D 332 0850
						TOTAL			.77						

Bell Atlantic IQ Card

Agcy	Date	Time	Place Called	Number	From	Number	Mins	RC	Amount	ESTC	LIBCBC	Time	LAT	OFC	ADJCRCD/3NO
															0
									3.68	JCR	18080	0915	8	0	J 332 0850
									1.02	JCR	18030	0932	8	0	J 332 0850
									2.56	JCR	18034	0933	8	0	J 332 0850
									[illegible]	JCR	18042	0941	8	0	J 332 0850
										JCR	18024	0943	8	0	J 332 0850
										JCR	18042	0959	8	0	J 332 0850
										JCR	18020	1000	8	0	J 332 0850
										JJR	18	1034	8	0	J 332 0850
									20	JJR	18	1545	8	0	J 332 0850
											18	1609	8	0	J 332 0850
											18	1927	8	0	J 332 0850
											18	1624	8	0	J 332 0850
			Q AT&T call charged to Bell Atlantic IQ Card						1.44	JJI	18	1725	8	0	J 332 0850
						TOTAL			43.76						

MCI Telecommunications

Agcy	Date	Time	Place Called	Number	From	Number	Mins	RC	Amount	ESTC	LIBCBC	Time	LAT	OFC	ADJCACD/3NO
	6 10								.12	J1B	00	0850	0	0	J
									1.87	J1B	00	0851	0	0	J
									.12	J1B	00	1102	0	0	J
									.59	J1S	00	2204	0	0	J
									.35	J1B	00	0720	0	0	J
									.12	J1B	00	2322	0	0	J
									1.37	J1B	00	2322	0	0	J
									5.87	J1B	00	0017	0	0	J
									.12	J1B	00	0621	0	0	J
									.37	J1B	00	1138	0	0	J
									3.54	J1S	00	2223	0	0	J
									8.12	J1B	00	2316	0	0	J
									.40	J1S	00	1952	0	0	J
									6.61	J1S	00	1956	0	0	J
									.21	J1S	00	2051	0	0	J
			202 332 0850	MCI CARD		SUBTOTAL			.21	J1B	00	2057	0	0	J
									.00						

MCI CALLING PLANS:

F = Friends & Family or Friends of the Firm Call

P = Premier Plan Call

\ = Premier Plan Discounted Call

88331PPLS CALL SUSAN THOMASES AT 202 659 8787 OPR 71 08 01107228B0801071
88331 Delivered by PAGER B0801071

REDACTED



WILLKIE FARR & GALLAGHER

Benito Romano

New York
Washington, DC
London
Paris

July 17, 1995

BY HAND

Mr. Joseph Kolinski
Chief Clerk
534 Dirksen Senate Office Building
Washington, D.C. 20510-6075

Dear Mr. Kolinski:

This firm represents Susan P. Thomases in connection with the U.S. Senate Special Committee's investigation into the Whitewater Development Corporation, the suicide death of former Deputy White House Counsel Vincent W. Foster, Jr., and related matters.

On July 11, 1995, Ms. Thomases received from counsel to the Special Committee a written request for documents, which directed us to deliver responsive documents to your office.

Accordingly, on behalf of Susan Thomases, I am enclosing certain documents (bates numbered ST0000001 to ST0000006) that appear to be responsive to the Special Committee's request.

Thank you for your attention to this matter.

Very truly yours,

Benito Romano

Enclosure

cc: Susan P. Thomases, Esq.

One Citicorp Center
153 East 53rd Street
New York, NY 10022-4677

212 821 8000
Fax: 212 821 8111
Direct: 212 821 8258

REC	EXT	DATE	TIME	AC	ENC	TEL	DUR	COST	RT-MET	CODE

REDACTED

851	6663	722	1723	202	456	2568	2:56	109	29	4
857	6663	721	1106	202	456	6256	3:46	145	29	5
858	6663	722	1713	202	456	6256	9:30	363	29	17
863	6663	721	1103	202	456	7194	0:50	36	29	13

LM WILLKIE, FARR & GALLAGHER - WASHINGTON
STATION DETAIL REPORT
PERIOD 07/20 - 08/19

PARTNER - 1

Station: 6704
Name: THOMSAES SUSAN # Indicates operator assisted call
Location: Date Selection 720 thru 723

DATE	TIME	NUMBER	PLACE	MIN	COST	AUTH CODE
07/22	11:04	456-6266	WASHINGTON DC	6	0.07	
07/22	11:37	456-6266	WASHINGTON DC	11	0.07	
07/22	11:50	456-6266	WASHINGTON DC	4	0.07	
07/22	11:11	456-6797	WASHINGTON DC	3	0.07	
07/22	11:16	456-6797	WASHINGTON DC	1	0.07	
Subtotal		Avg Mins 4.7		33	0.49	7 CALLS
- TIE LINES -						
Subtotal		Avg Mins 0.0		0	0.00	0 CALLS
**** TOTALS ****		Avg Mins 4.7		33	0.49	7 CALLS

REDACTED

- SUMMARY -
Station: 6704 Name: THOMSAES SUSAN

EQUIPMENT	OTHER	LD&SP	LOCAL	TIE LINE	TOTAL	YTD OUT
0.00	0.00	0.00	0.49	0.00	0.49	1591.33

REC EXT DATE TIME AC EXC TEL DUR COST RT-MEM CC

REDACTED

255	6731	731	1630	202	456	8256	3:44	145	29	19

REDACTED

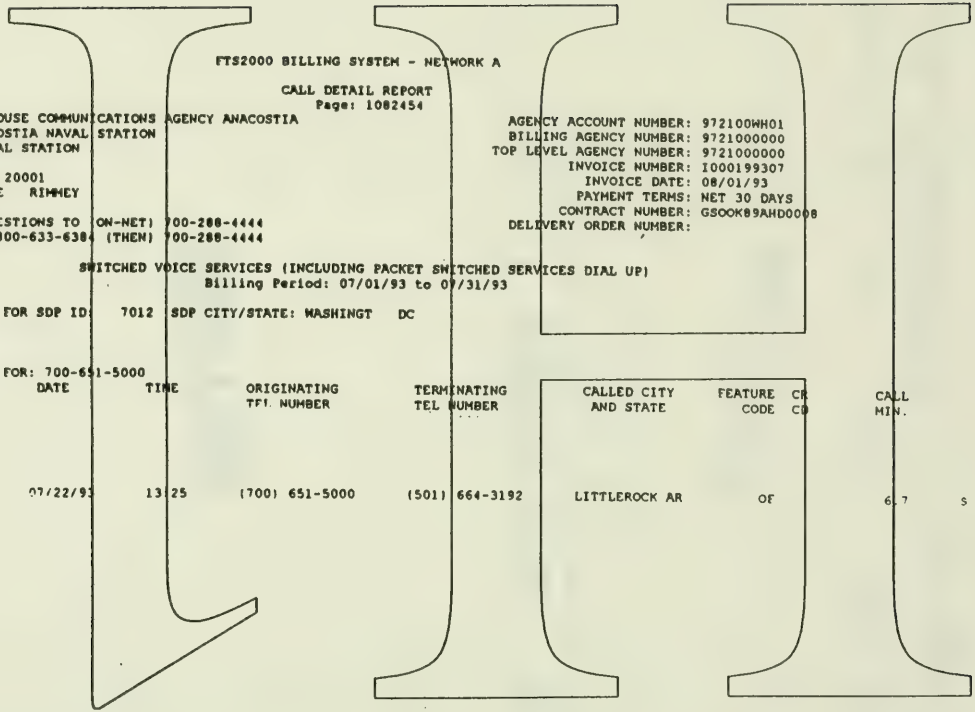
LM WILLKIE, FARR & GALLAGHER - WASHINGTON
STATION DETAIL REPORT
PERIOD 07/20 - 08/19

\- 2
SECRETARY - 4

Station: 4836
Name: O'NEILL LORI # Indicates operator assisted call
Location: Date Selection 720 thru 722

DATE	TIME	NUMBER	PLACE	MIN	COST	AUTH CODE
- LOCAL -						
07/21	17:50	456-1660	WASHINGTON DC	7	0.07	
07/22	10:46	456-6797	WASHINGTON DC	3	0.07	

REDACTED



FTS2000 BILLING SYSTEM - NETWORK A

CALL DETAIL REPORT
Page: 1082454

WH01
DECCO WHITE HOUSE COMMUNICATIONS AGENCY ANACOSTIA
BLDG 399 ANACOSTIA NAVAL STATION
ANACOSTIA NAVAL STATION

WASHINGTON DC 20001
Attn: SGT DALE RIMMEY
02
DIRECT ANY QUESTIONS TO (ON-NET) 700-288-4444
(OFF-NET) 1-800-633-6384 (THEM) 700-288-4444

AGENCY ACCOUNT NUMBER: 972100WH01
BILLING AGENCY NUMBER: 9721000000
TOP LEVEL AGENCY NUMBER: 9721000000
INVOICE NUMBER: I000199307
INVOICE DATE: 08/01/93
PAYMENT TERMS: NET 30 DAYS
CONTRACT NUMBER: GS00K89AHD0008
DELIVERY ORDER NUMBER:

SWITCHED VOICE SERVICES (INCLUDING PACKET SWITCHED SERVICES DIAL UP)
Billing Period: 07/01/93 to 07/31/93

CALL ACTIVITY FOR SDP ID: 7012 SDP CITY/STATE: WASHINGT DC

ACC:

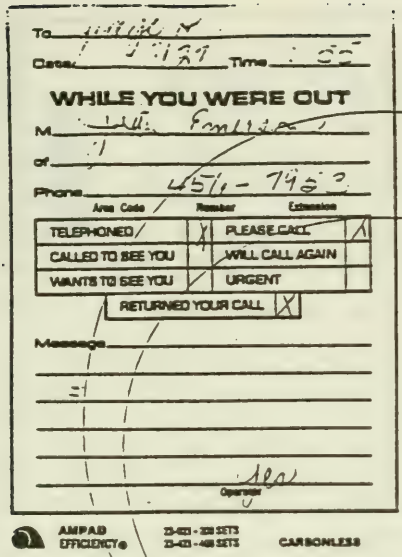
CALL ACTIVITY FOR: 700-651-5000

A A	NO.	DATE	TIME	ORIGINATING TEL NUMBER	TERMINATING TEL NUMBER	CALLED CITY AND STATE	FEATURE CODE	CR CD	CALL MIN.		CHARGE
A	34897	07/22/93	13:25	(700) 651-5000	(501) 664-3192	LITTLEROCK AR	OF		6.7	S	0.541210

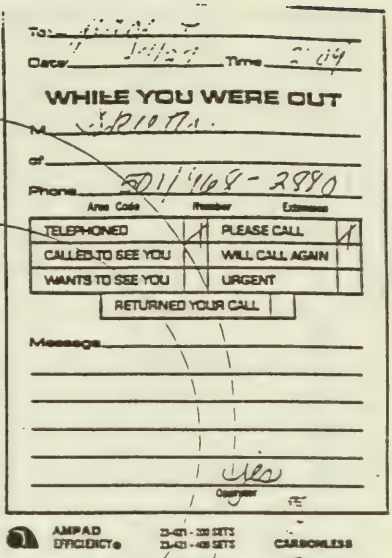
138

REDACTED

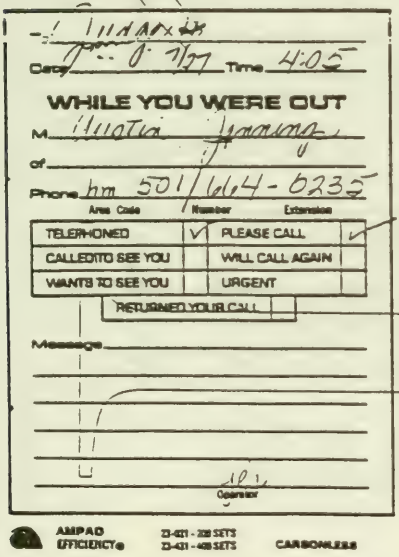




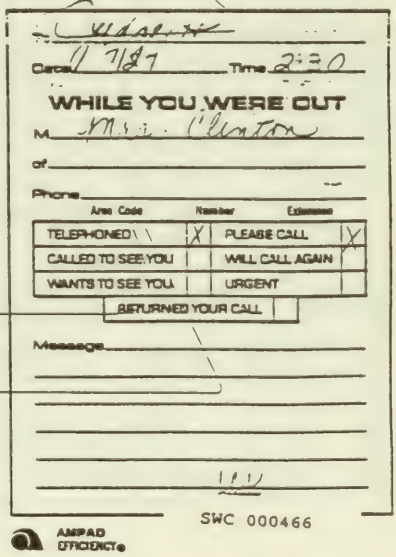
To [illegible]
Date 7/1/97 Time 2:55
WHILE YOU WERE OUT
M [illegible] Families
of [illegible]
Phone 451-795?
Area Code / Number / Extension
TELEPHONED X | PLEASE CALL
CALLED TO SEE YOU | WILL CALL AGAIN
WANTS TO SEE YOU X | URGENT
RETURNED YOUR CALL X
Message
Operator
AMPAD EFFICIENCY 23-431 - 200 SETS 23-431 - 400 SETS CARBONLESS



To [illegible]
Date 7/1/97 Time 2:19
WHILE YOU WERE OUT
M [illegible]
of [illegible]
Phone 501/668-2880
Area Code / Number / Extension
TELEPHONED X | PLEASE CALL X
CALLED TO SEE YOU | WILL CALL AGAIN
WANTS TO SEE YOU | URGENT
RETURNED YOUR CALL
Message
Operator
AMPAD EFFICIENCY 23-431 - 200 SETS 23-431 - 400 SETS CARBONLESS



To [illegible]
Date 7/1/97 Time 4:05
WHILE YOU WERE OUT
M Victoria Jenkins
of [illegible]
Phone hm 501/664-0235
Area Code / Number / Extension
TELEPHONED X | PLEASE CALL X
CALLED TO SEE YOU | WILL CALL AGAIN
WANTS TO SEE YOU | URGENT
RETURNED YOUR CALL
Message
Operator
AMPAD EFFICIENCY 23-431 - 200 SETS 23-431 - 400 SETS CARBONLESS



To [illegible]
Date 7/1/97 Time 2:30
WHILE YOU WERE OUT
M Mrs. Clinton
of [illegible]
Phone
Area Code / Number / Extension
TELEPHONED X | PLEASE CALL X
CALLED TO SEE YOU | WILL CALL AGAIN
WANTS TO SEE YOU | URGENT
RETURNED YOUR CALL
Message
Operator
AMPAD EFFICIENCY

SWC 000466

GRO 000466

MOVEMENTS TO/FROM LIVING QUARTERS

F-1 POST

DATE: Tuesday 7-27-93

Page 1 of ____

	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	LOCATION
THE PRESIDENT		07 53	08 45	09 20	16 53	17 02	20 48								2nd floor
THE FIRST LADY															2nd floor
Chelsea															Little Rock Ark
Helen Dickey		09 20	10 49	16 58											3rd floor
Capricia Marshall	08 10	10 49	10 58	18 18	11 29	?	13 34	13 03	14 04	15 00	15 03	15 15	15 40	18 10	2nd floor
Carolyn Huber															
Diane Divita		09 25	16 19	16 34	17 18										2nd Floor
Maggie Williams	10 31	12 05	13 35	14 25	15 20	16 43									2nd floor
Roy Neel	13 27	14 22													2nd Floor
Mack McLarty	14 29	14 31	20 48	20 55		21 10									2ND FLOOR
MR. BARNETT	15 03	16 30													2ND FLOOR
MRS. SUSAN THOMASI	15 08	16 31	20 19												2nd Floor
Mr Bartlow And Friend	16 30	16 42													2nd Fl.
	16 53	17 02													2nd Fl.
WEB HUBBELL	18 29	20 19													2ND FLOOR
															2nd Fl.

Overnight Residence Guests:

S 020921

UNITED STATES SECRET SERVICE

10TH STORY of Level 1 printed in FULL format.

Copyright 1993 News World Communications, Inc.
The Washington Times

July 23, 1993, Friday, Final Edition

SECTION: Part A; NATION; Pg. A7

LENGTH: 623 words

HEADLINE: White House plays down suicide probe

BYLINE: Frank J. Murray; THE WASHINGTON TIMES

BODY:

White House officials repeatedly denied existence yesterday of an intensifying probe into why Vincent W. Foster Jr. killed himself with an untraceable old gun even as U.S. Park Police detectives quizzed a possible witness and a Justice Department spokesman said murder must be ruled out.

White House spokeswoman Dee Dee Myers angrily brushed off persistent questions about why officials so quickly and unquestioningly accepted the label of suicide by the man President Clinton called his "Rock of Gibraltar," who apparently did not signal his intentions or reasons.

Meanwhile, Associate Attorney General Webster Hubbell, a longtime friend of Mr. Foster's and former colleague at Little Rock's Rose Law Firm, escorted the body to Arkansas aboard a military plane for today's funeral.

"I'm not sure any investigation could ever determine why. These things are mysteries," Miss Myers told reporters.

"That seems awfully strange. People there [at the White House] seem accepting and just say 'Why? Why? Why?' " U.S. Park Police Chief Robert Langston said in an interview yesterday when he also said investigators will not interview Mr. Foster's family until after the funeral.

"If it was a suicide, the Justice Department wants to find out why he killed himself," department spokesman Dean St. Dennis said. "The department also is looking carefully at the possibility - a slim possibility - that he was murdered."

No evidence has been found that indicates anyone else shot him, but it remained an open question in the absence of a witness, credible notes or calls to friends, or outward signs of motive.

"You're asking the same question that has been asked 20 times. I don't have any more to say about it," Miss Myers snapped at one reporter after repeatedly insisting the Park Police were not interested in Mr. Foster's motives.

"Again, the Park Police are simply trying to establish that this was in fact a suicide. That is a fairly limited investigation," she said.

"This is going to be run to the nth degree. No stone will be left unturned," Chief Langston said, adding that his department's findings will be sent to the U.S. attorney along with autopsy results by the Virginia state medical examiner.

He disclosed that the 1913 Colt .38-caliber revolver could not be traced to an owner since it was assembled from parts of at least two guns and bore different numbers on several parts.

Several sources said the Foster family owned a gun, but it was not confirmed whether it was the same revolver used in Tuesday evening's shooting.

Mr. Clinton has suggested Mr. Foster might have succumbed to nothing more than a case of overwork by an outstanding lawyer who averaged the same 12-hour days Mr. Clinton favors. He cautioned staff members to avoid workaholism, but his press secretary conceded that 12 hours "by his standards is sort of a half-day."

Most press inquiries focused on why officials seemed to downplay any desire or need to know contributing causes to the death of the most senior White House official believed to ever have killed himself.

He had access to such sensitive information that officials of four federal agencies were present when his office was unsealed, including Park Service detectives from a 35-member unit experienced in homicide and other major crime investigations. Others were FBI agents, Justice Department lawyers and the Secret Service.

Mr. Foster, 48, died in a federal park - Fort Marcy off George Washington Memorial Parkway in McLean.

Chief Langston said detectives also questioned a witness referred to them by Fairfax County police.

GRAPHIC: Photo, A Civil War cannon in Fort Marcy stands near where White House aide Vincent Foster Jr.'s body was found Tuesday., By AP

LANGUAGE: ENGLISH

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

July 22, 1993, Thursday, Late Edition - Final

SECTION: Section A; Page 1; Column 4; National Desk

LENGTH: 1408 words

HEADLINE: White House Aide Leaves No Clue About Suicide

BYLINE: By THOMAS L. FRIEDMAN, Special to The New York Times

DATELINE: WASHINGTON, July 21

BODY:
Vincent W. Foster Jr., the deputy White House counsel, spent Tuesday morning at his desk in the West Wing. Later, he watched the President name a new F.B.I. Director in the Rose Garden and gave a friendly wave to reporters.

Then he returned to his office for an upbeat chat with his boss and lunch alone at his desk. Shortly after 1 P.M., he left the White House, telling his secretary he was going out. Sometime between then and 6 P.M., he drove to a secluded bluff across the Potomac River from Washington, pulled out a vintage Colt revolver and, a few yards from an old Civil War cannon, shot himself in the mouth.

So went the official account from the police and the White House of the last hours of the 48-year-old Mr. Foster's life, an account that did nothing to explain why a man who seemed to be at the pinnacle of his career, working in a White House headed by his boyhood friend, would take his own life. There was no note on the ground by his body. No message on his desk. No explanation lodged in his office computer. No serious hints from friends of brooding. Just a mystery that baffles his family and colleagues from Washington to Little Rock.

At the request of the White House, the Justice Department is coordinating an inquest into Mr. Foster's death. Lawyers from the department met today with agents from the Federal Bureau of Investigation as well as the Park Police to draw up a plan to scour Mr. Foster's office on Thursday morning for possible clues. Officials said that the office was sealed today and that his papers must be examined in a way that will not compromise his lawyer-client relationship with Mr. Clinton.

A native of Hope, Ark., like Mr. Clinton, Mr. Foster attended Miss Mary's kindergarten with the President and Thomas F. McLarty 3d, now the White House chief of staff. On his office shelf, he kept a framed photograph showing the three of them as youngsters gathered at a birthday party. This morning, some 40 years later, Mr. Clinton and Mr. McLarty gathered the White House staff to pay tribute their kindergarten chum and to wonder aloud: why?

"It is an immense personal loss to me and to Hillary and to many of his close personal friends here," the President said in a subdued voice during a brief appearance in the Rose Garden after tearing up his official schedule for the day to mourn Mr. Foster. "As I try to explain to the young people on the staff, there is no way to know how these things happen."

Mr. Foster's boss, Bernard W. Nussbaum, the chief White House counsel, told the same gathering about his last encounter with Mr. Foster, described by many as a brilliant lawyer who kept his emotions to himself. Mr. Nussbaum said they had been discussing two nominations they had helped to engineer: those of Louis J. Freeh as F.B.I. Director and Judge Ruth Bader Ginsburg for the Supreme Court.

"I said, 'Hey, Vince, not a bad day,' " recalled Mr. Nussbaum. "I said, 'We hit two home runs -- home runs for the country. So I think we are doing our jobs and I think we are doing it well.' And he just sort of smiled. And I said, 'I'll see you later.' And that's the last time I saw Vince."

It was apparently the last time anyone saw him. The police said Mr. Foster apparently drove from his White House office and eventually wound up at Fort Marcy, a roadside park along the George Washington Parkway on the west bank of the Potomac River in Virginia, across from the capital.

He parked his 1989 Honda Accord with Arkansas license plates in the 24-car lot, walked several hundred yards toward a bluff and shot himself, the police said.

Mr. Foster's body was found shortly before 6 P.M. His jacket and tie were off, a revolver was found in his right hand. An autopsy today by the Fairfax County medical examiner concluded that Mr. Foster died as a result of a gunshot wound and that the injury was "not inconsistent with that of a self-inflicted wound," the Park Police said.

The authorities said the gun, now a collector's item, was a .38-caliber Army Colt revolver manufactured in 1913. Federal investigators said the pistol was one of a matched set but could not say for certain who owned them. The investigators found the second weapon, but did not say where. It also was not known whether Mr. Foster had the guns in his car when he went to work that morning, or if he got them after leaving the White House.

Because the weapons were so old, they cannot be traced through the usual serial number procedures, so it will take time for investigators to determine who owned the weapons and for how long.

So much was left unanswered that in their uncomprehending grief, some of Mr. Foster's friends and associates raised the possibility of foul play.

But Major Robert Hines of the Park Police said, "We're 99 percent sure it was a suicide." The death was first reported to the Park Police at about 6 P.M. by an unidentified person who found the body, the authorities said. The Park Police then notified the Fairfax County Fire and Rescue Department. Officers from both agencies arrived on the scene about 6:15 P.M.

The soft-spoken Mr. Foster was a star athlete in high school, first in his class at law school, the highest scorer on the state bar exam in his year and two years later, a partner at the prestigious Rose law firm in Little Rock. Mr. Clinton described him as a "Rock of Gibraltar."

Just over six months ago he came to Washington to join in the victory of Mr. Clinton and his wife, Hillary, who was one of Mr. Foster's closest friends from their many years working together at the law firm in Little Rock. He and his wife, Lisa, had three college-age children and recently moved into a house in

Northwest Washington. For Mr. Foster, the Clinton Administration was a family affair. His sister Sheila Foster Anthony, the wife of former Representative Beryl Anthony Jr. of Arkansas, was also hired as Assistant Attorney General.

Late today Mr. McLarty told reporters that the President, Mrs. Clinton, the Foster family and the entire White House staff were stumped by why Mr. Foster, who only two weeks ago was seen showing off his White House office to his college-age children, would have taken his own life without any apparent warning. Some simply shook their heads and ascribed the death to what one friend called private demons that no one could identify. Others said, well, maybe, he did seem a little distracted lately. But they could not say why. Washington, naturally, was rife with rumors.

One was that the Washington Times was preparing a story about Mr. Foster, and a reporter there, Michael Hedges, acknowledged that he had made preliminary inquires about him. He would not describe the nature of the inquiry.

But Mr. Hedges said he had not interviewed Mr. Foster about the story. He added, "We were not at a point where anything was imminent that we were going to break on the guy." Francis Coombs, the newspaper's national editor, said, "We do not have anything anywhere near publication that has to do with Mr. Foster."

Friends say Mr. Foster and his wife were bothered by the travel office scandal, as well as by editorials in The Wall Street Journal on July 14 and 19 lambasting the Clintons for having placed their "legal cronies from Little Rock at the heart" of the Administration. The July 14 editorial ran sketches of four alumni of the Rose firm now serving in posts: Mr. Foster, Mrs. Clinton, Associate Attorney General Webster L. Hubbell and William H. Kennedy 3d, the No. 3 White House counsel.

Mr. Clinton rejected some reporters' suggestions that Mr. Foster might have been driven to suicide by despondency over recent negative publicity related to the legal counsel's handling of the White House travel-office scandal and various botched appointments. He was only peripherally involved in the travel-office affair and was not reprimanded for his actions. The President said, "I certainly don't think that can explain it."

But the friends say that Mr. Foster, a seasoned litigator, would certainly not have been driven to suicide by either of these controversies, which by Washington's low standards of civility were almost gentle.

Trying to explain the unexplainable, Mr. Clinton simply told his staff, "Remember that we're all people and that we have to pay maybe a little more attention to our friends and our families and our co-workers, and try to remember that work cannot be the only thing in life."

EDITOR-NOTE:
An article yesterday about Vincent W. Foster Jr., the deputy White House counsel who killed himself on July 20, was accompanied by a chart headed "Key Events in Mr. Foster's Last Months." The chart listed, as separate events, four editorials in The Wall Street Journal that were critical of Mr. Foster.

As the article noted, these editorials disturbed Mr. Foster, but there is no way to specify what moved him to suicide. The editorials should not, therefore, have had such prominence in the chart.

CORRECTION-DATE: July 22, 1993, Thursday

GRAPHIC: Photos: Vincent W. Foster Jr., and his wife, Lisa, attended a theater opening in 1988 in Little Rock, Ark., with President Clinton and his wife, Hillary. Mr. Clinton was then Governor of Arkansas and Mr. Foster was working at the prestigious Rose law firm in Little Rock. (Associated Press)(pg. A21); President Clinton speaking yesterday about the death of Vincent W. Foster Jr. (Reuters), the deputy White House counsel, shown last month. (Associated Press)(pg. A1)

LANGUAGE: ENGLISH

LOAD-DATE: September 1, 1993

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Washington Post
The Washington Post

July 23, 1993, Friday, Final Edition

SECTION: FIRST SECTION; PAGE A4

LENGTH: 747 words

HEADLINE: Clinton Finds No Explanation To Aide's Death; Probes Continuing On Apparent Suicide

SERIES: Occasional

BYLINE: Ann Devroy, Washington Post Staff Writer

BODY:

President Clinton yesterday minimized the likelihood that an explanation will be found for the apparent suicide of White House deputy counsel Vincent Foster Jr., but investigators for the U.S. Park Police and Justice Department said their investigations of Foster's death are continuing.

As many of the Arkansans who came to Washington to run the new government began returning home for the funeral of their friend, Clinton and his senior aides repeated that no clues now exist to explain Foster's death. He was found shot in the head Tuesday night in a secluded area of a Virginia park overlooking the Potomac River.

U.S. Park Police Chief Robert Langston, whose officers are conducting the inquiry into the death, said all evidence "is leading in the direction" of confirming the original finding that the 48-year-old lawyer took his own life.

Foster's office was searched yesterday in the presence of officials from the National Park Service, the Justice Department, the FBI and the Secret Service, according to the White House.

Under their supervision and in the presence of a Foster family lawer, White House counsel Bernard Nussbaum examined the office and found "no suicide note nor any other document bearing on . . . the death," a White House statement said.

The Justice Department said yesterday it has discovered nothing "to indicate foul play or murder" in the death. Nevertheless, the department's inquiry will continue "to find out what the factors were -- if it was a suicide -- that led to him killing himself," said department spokesman Dean St. Dennis.

The department's intentions seemed more extensive than what had been announced Wednesday, but St. Dennis described the probe as "simply a part of good police work" when a high-level government official dies "under less than known circumstances."

"It appears that Mr. Foster's death was a suicide," St. Dennis said. But, he added, "even though there may be only one in a 1,000 chance of foul play, everything will be done to keep in sharp focus even the remote chance that he may have been murdered."

Langston said the police have examined Foster's telephone logs, paperwork in his office, computer files and interviewed "a number of people" who talked to Foster on Tuesday. Foster had arrived as usual at the White House, had lunch at his desk and left the White House shortly after 1 p.m. Police are attempting to reconstruct the five-hour gap between Foster's departure and the call to authorities shortly after 6 p.m. by the person who found Foster's body.

"We have quite a bit of information left to gather," Langston said. Police, for example, are tracing the license plates of cars that were parked in the overlook lot. Detailed interviews with the family will not occur until after today's funeral, when at least one mystery is expected to be cleared up: whether Foster used his own gun to kill himself.

Langston said one old gun was found at the scene, but it was constructed of parts of at least two guns with separate serial numbers. The chief said Foster owned a gun described as being like the one found.

Foster's body was flown to Little Rock, Ark., yesterday aboard a Defense Department aircraft, accompanied by Associate Attorney General Webster L. Hubbell. Foster, Hubbell and Hillary Rodham Clinton were partners in the influential Rose law firm in Little Rock, and the three were described by the president as "best friends."

The Foster family and other Arkansans flew separately on a private plane to Little Rock where a funeral mass will be held this morning at St. Andrew's Cathedral. The Clintons were to attend the service with their daughter, Chelsea, and the president was to deliver a eulogy for his childhood friend.

Like the president, many of Foster's colleagues and friends continued to question how a lawyer at the top of his career and with no visible serious problems could have taken his life. While many of Foster's associates described him as being "down" and "depressed" and too prone to blame himself for White House problems, they all said he had given no hint of a depression so serious as to take his own life.

"I don't think there is anything more to know," Clinton said. "I mean, you know, his family, his friends, his co-workers -- we've been up real late two nights in a row now, remembering and crying and laughing and talking about him, and I don't think there is anything else."

Staff writer Michael Isikoff contributed to this report.

LANGUAGE: ENGLISH

LOAD-DATE: October 14, 1993

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Washington Post
The Washington Post

July 22, 1993, Thursday, Final Edition

SECTION: FIRST SECTION; PAGE A1

LENGTH: 1391 words

HEADLINE: Clintons Mystified By Aide's Death;
Staff Shaken by Apparent Suicide

SERIES: Occasional

BYLINE: Ruth Marcus, Ann Devroy, Washington Post Staff Writers

BODY:
President Clinton yesterday gathered a shaken and grieving White House staff trying to make sense of the death of deputy White House counsel Vincent Foster Jr., who police said shot himself in the head Tuesday night in a Virginia park.

Foster, 48, a lifelong friend of the president, left no suicide note or other explanation of his action, authorities said. He was found with a single gunshot wound Tuesday at 6:15 p.m. at Fort Marcy Park in McLean, slumped next to a Civil War-era cannon.

Word of Foster's death sent waves of shock and disbelief not only through the White House but also through Washington and home to Arkansas. Though colleagues and friends spoke of depression and dejection and of a man who let the troubles and problems of the White House weigh too heavily on him, no one entertained the idea that suicide was possible, they said.

Foster, who like Clinton was born in Hope, Ark., was the No. 2 person in the counsel's office, which has been criticized for not properly scrutinizing some of the president's unsuccessful appointments. He also was a key adviser to the health care task force chaired by Hillary Rodham Clinton, who had been one of his partners and friends in the Rose law firm, the influential Little Rock practice that also contributed two other senior lawyers to the administration.

The public record of Foster's life and interviews with friends and associates here and in Arkansas, offered a portrait of a reserved but well-liked high-achiever: graduating first in his law school, gaining the highest score on the state bar exam, making partner at Rose in two years, excelling in legal and civil life, awash in professional and civic awards.

"Vince Foster was probably one of the most brilliant and solid people that I've ever known," said Joe Purvis, a Little Rock lawyer and childhood friend. "Vince Foster was a wonderful man in every way," said Clinton, in a brief public tribute in the Rose Garden. He said he had encouraged the White House staff to "try to remember that work can never be the only thing in life."

Although White House officials said they saw few if any signs of emotional problems from Foster, others who were his friends described themselves as worried over his depression and anxiety. An Washington friend said, "His friends could see his depression and his life was terribly worried about it.

He took everything to heart, too much to heart. He felt responsible for things he should not have felt responsible. He felt these burdens and could not seem to shake them off the way others do."

The friend said that the Fosters and associate attorney general Webster Hubbell and his wife went to the Eastern Shore last weekend for a break from the pressures -- Hubbell is another friend from the Rose law firm -- and that Foster's family believed it had helped him. "Certainly people who knew him well -- he is reserved and hard to know, really -- felt he was depressed, but not depressed in the sense of killing himself. I can tell you that thought did not enter people's minds," the friend said.

Clinton addressed the mystery himself. "No one can ever know why this happened," he said. "Even if you had a whole set of objective reasons, that wouldn't be why it happened, because you could get a different, bigger, more burdensome set of objective reasons. . . . So what happened was a mystery about something inside of him."

White House Chief of Staff Thomas F. "Mack" McLarty, who described himself as "heartbroken" at the death of a man who also was his lifelong friend, said, "Try as we might, all of our reason, all of our rationality, all of our logic cannot answer the questions raised by such a death."

From information provided by the White House and the U.S. Park Police, Foster had a typical morning Tuesday and lunch at his desk before leaving his second floor office about 1 p.m. He would not be heard from, by family or staff, again.

Around 6 p.m., Fairfax County rescue workers found the body after responding to an emergency call of trouble at the outpost that overlooks the Potomac River.

Maj. Robert H. Hines, a Park Police spokesman, said Foster, dressed in slacks and a dress shirt but no tie, was carrying no identification when his body was found. Foster's suitcoat, with his wallet and identification, was found later in his car by police searching for clues. The car, with Arkansas license plates, was parked along with several others in the lot of the overlook, which is off the George Washington Memorial Parkway in McLean.

"Some people who commit suicide have a tendency to seek out a nice area of solitude," Park Police Sgt. Gregory Brown said of that area. "It appears he went off and found himself a quiet place and that was it."

Park Police reported that a revolver was found near the body. Law enforcement sources said the Park Police asked the Bureau of Alcohol, Tobacco and Firearms to trace two Colt .38s manufactured in 1913, but ATF was unable to do so because of the age of the weapons.

Shortly after 9 p.m., McLarty was notified of the unconfirmed death and by 10 p.m., the death was confirmed. Clinton was told by McLarty just after he finished an appearance on the "Larry King Live" show on CNN, and Clinton and McLarty went quickly to Foster's Georgetown home to comfort his wife, Lisa. Friends described a shocked and grieving group of Arkansans engaging in the same soul-searching over Foster that enveloped the White House yesterday.

The White House announced that the Justice Department would be the "point of contact" for an investigation into Foster's death by the U.S. Park Police.

A search of Foster's White House office is scheduled for today, Justice Department spokesman Dean St. Dennis said. Two senior Justice Department lawyers, David Margolis and Roger Adams, are participating because "there is apparently a great deal in the office on paper and in the computer concerning Foster's privileged communications with the president," St. Dennis said.

Clinton, joined by a contingent of Arkansas friends, will travel to Little Rock Friday for the funeral. Hillary Clinton, who some describe as an even closer friend of Foster than the president, already is in Little Rock.

The president canceled his public events yesterday but said he had kept to his routine of meetings in the White House. "We have to go on -- we have the country's business to do," he said. Aides described him as sitting up until almost 2 a.m. wondering what had brought Foster to the edge. "He was perplexed, like everyone," one aide said.

Some staff members, overcome with emotion, described a morning meeting in which Clinton recalled his childhood with Foster in what one called "the most evocative, moving words." The White House later released a transcript in which Clinton called Foster "a perfectly wonderful man on whom I relied and on whom I put a lot for a very long time."

Clinton said that when McLarty informed him of Foster's death, "I just kept thinking in my mind of when we were so young, sitting on the ground in the backyard, throwing knives into the ground and seeing if we were adroit enough to make them stick." Clinton, McLarty and Foster grew up together in Hope, where Clinton's grandparents' yard abutted the larger yard of the Foster family.

Clinton spoke of Foster being there for him when he began his career in politics, when he ran for Arkansas attorney general and governor. He said when the Rose law firm hired Hillary, "Vince Foster and Webb Hubbell became her closest friends."

Because of his job, Foster had been associated with some of the administration's problems in appointments that had not been thoroughly investigated, and in the travel office affair where he had attended some of the meetings related to it and briefed Hillary Clinton. But he was not criticized in that situation, nor held responsible for some of the problems with appointments.

Yet a friend described him as feeling responsible. "He was a guy whose individual sense of responsibility for things went well beyond what a normal person would do. He brought everything on top of himself and was almost obsessive in wanting everything to be done right and feeling he somehow could have made it right if it wasn't."

Staff writers Dan Balz, Michael Isikoff, Bill Miller and Pierre Thomas contributed to this report.

GRAPHIC: PHOTO, VINCENT FOSTER JR.; PHOTO, REUTER

LANGUAGE: ENGLISH

The Washington Post, July 22, 1993

LOAD-DATE: October 14, 1993

F 000166

policy coordination--requires that the FBI report to the Attorney General on all of its activities.

- Title 28, United States Code (U.S.C.), Section 535(b) (any information, allegation, or complaint received in a department or agency of the executive branch relating to criminal violations involving Government officers or employees must be expeditiously reported to the Attorney General by the head of the department or agency).

A comprehensive review of available files failed to reveal a specific policy or guidance that addressed a situation where the White House made direct contact with the FBI for purposes of obtaining guidance, or a request to conduct investigation, in a criminal matter. The information found in this review provides guidance for FBI responses to requests for information for ongoing investigation, not a criminal complaint. For example, in a memorandum of 7/20/72 from D.J. Dalbey to Mr. Felt entitled "Dissemination of Information The White House, Criminal Cases" it was noted ".....from a strict legal standpoint, there is no specific authority for it. The authority and the obligation of the FBI are to keep the Attorney General fully informed...."

PRINT DOC REQUESTED: JULY 3, 1996 103BTC
13 DOCUMENTS PRINTED
.5 PRINTED PAGES

ARTICLES

SEND TO: BANKING COMMITTEE, 3
SEN. BANKING COMMITTEE
534 DIRKSEN BUILDING
WASHINGTON DISTRICT OF COLUMBIA 20510

**********00855**********

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (WHITE HOUSE ASKED AID OF F.B.I. IN DISMISSALS)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

May 25, 1993, Tuesday, Late Edition - Final

SECTION: Section A; Page 18; Column 1; National Desk

LENGTH: 1051 words

HEADLINE: White House Asked Aid Of F.B.I. in Dismissals

BYLINE: By THOMAS L. FRIEDMAN, Special to The New York Times

DATELINE: WASHINGTON, May 24

BODY:
Amid concern in the White House last Friday over charges that cronyism lay behind the dismissal of seven travel aides, Clinton advisers summoned a senior official in the Federal Bureau of Investigation to a political strategy session and solicited a public statement from the agency backing their version of events.

By calling on the F.B.I. to help save the Administration from embarrassment, the White House appeared to be deviating from two decades of efforts to insulate the law-enforcement agency from even the appearance of Presidential manipulation.

It also put the bureau in the position of departing from what some F.B.I. officials said had been two long-standing practices: dealing with the White House only through the Justice Department to avoid the appearance that the bureau was being enlisted for political ends, and avoiding confirmations of the bureau's investigations. In the past, F.B.I. officials have been disciplined for disclosing investigations.

An Administration official said tonight that Attorney General Janet Reno had called the White House counsel, Bernard Nussbaum, today to complain about the White House not having gone through her office to deal with the F.B.I. statement. The official told of the complaint in confirming an account in the Tuesday issue of The Washington Post.

In an interview tonight, Mr. Nussbaum said that in his conversation with Ms. Reno he had "reaffirmed" that "it has been and remains the policy of the White House that any contact" with the F.B.I. would be made through the Attorney General's office. The original contact with the F.B.I. was made by the White House, he said, because officials there regarded the suspicion of improper acts in the travel office as a police matter.

The disclosure of the White House's interaction with the bureau came during questioning of George Stephanopoulos, the White House communications director, by reporters at today's news briefing.

'We've Got to Do Better'

Mr. Stephanopoulos also acknowledged that President Clinton was "disappointed in what happened" last week, when the furor over the dismissal

of the travel office staff and over the President's expensive haircut at Los Angeles International Airport diverted attention from his economic message. Mr. Stephanopoulos said the President "feels we've got to do better, and we will."

"What we saw last week isn't going to happen again," Mr. Stephanopoulos added. But he no sooner uttered those words than he found himself bombarded by questions about the links between the White House and the F.B.I. in the travel office dismissals.

John Collingwood, the bureau official who attended the White House meeting, said that no one had tried to manipulate the agency into backing the White House findings of mismanagement. "I'm very confident we followed our normal practice here," he said.

Nevertheless, he said he was "surprised" when Presidential aides on Friday took the highly unusual step of releasing an F.B.I. statement not intended for public release, confirming that a Federal inquiry was under way.

Political Strategy Session

While the F.B.I. normally does not disclose investigations, he said, this particular statement was consistent with the bureau's policy of acknowledging some high-profile investigations if the facts have been disclosed by a credible source, in this case the White House.

Mr. Stephanopoulos said today that last Friday, Dee Dee Myers, the White House press secretary, called Mr. Collingwood, the bureau's director of public affairs and Congressional relations, and asked him to meet in Mr. Stephanopoulos's office with Mr. Stephanopoulos; Ms. Myers; David Watkins, assistant to the President for management and administration, who supervised the travel office; Mr. Nussbaum and two members of his staff.

White House officials acknowledged that the meeting was a political strategy session on how to quell the furor over the abrupt dismissal of the travel office staff.

The F.B.I. official was asked to help draft a statement on Friday afternoon after several news organizations obtained a memorandum written by Mr. Clinton's cousin, Catherine Cornelius, less than a month after Mr. Clinton took office, proposing that the White House dismiss the seven career travel office employees and put her in charge.

The disclosure of the Cornelius memo had called into question the White House's claims that the members of the travel office staff were dismissed purely because of mismanagement and possible criminal behavior.

Possible Criminal Behavior

Normally, bureau spokesmen neither confirm nor deny the existence of an investigation, except in unusual cases when it has come to light independently. Some F.B.I. officials said privately last week that they were uncomfortable with the way their agency was being brought into a case with apparent political ramifications.

Nevertheless, Bureau officials also said there appeared to have been adequate grounds to begin a preliminary criminal investigation, as the White House had claimed.

Mr. Stephanopoulos said the Clinton team had "talked to" the F.B.I. official about issuing a statement backing the White House claim of possible criminality. That claim was based on an earlier investigation of the office by the accounting firm of Peat Marwick. Mr. Stephanopoulos said no coercion had been involved, and that it was simply a discussion between the White House and the F.B.I. about what, if anything, the bureau would feel comfortable saying at that stage of the investigation.

Reno Met With Sessions

As the White House was releasing the bureau's statement last Friday, Ms. Reno and the F.B.I. Director, William S. Sessions, were meeting to discuss his future with the agency. Mr. Sessions has been under fire for months, and his job is currently under review by the Clinton Administration because of allegations of wrongdoing that were brought by the Justice Department's Office of Professional Responsibility.

Mr. Stephanopoulos said Mr. Sessions played no role in approving the bureau's statement about its investigation of the travel office.

Asked if he had been aware that it was not standard practice for the F.B.I. to confirm investigations, Mr. Stephanopoulos said, "I'd have to check the standard practice."

GRAPHIC: Photo: President Clinton was said to be "disappointed in what happened" last week, when the furor over the dismissal of the travel office staff and over the President's expensive haircut at Los Angeles International Airport diverted attention from his economic message. The President attended an event yesterday in the Rose Garden. (Jose R. Lopez/The New York Times)

LANGUAGE: ENGLISH

LOAD-DATE: May 25, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (HEARING PUTS FOCUS ON ROSE LAW PRACTICE)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The Washington Post
The Washington Post

August 11, 1995, Friday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 1192 words

HEADLINE: Hearing Puts Focus on Rose Law Practice; Conflict-of-Interest Cases Cited by GOP

BYLINE: Susan Schmidt, Washington Post Staff Writer

BODY:

House Republicans turned a harsh spotlight on the failings of Little Rock's Rose Law Firm yesterday, calling it a case study in conflicts of interest for work it did for the federal government. They released new documents to flesh out Hillary Rodham Clinton's role in representing an S&L regulated by her husband's gubernatorial administration.

At issue was the firm's failure to tell two federal agencies of prior work some of its lawyers, including Hillary Clinton, had done for Madison Guaranty Savings & Loan. One of those called to testify was Hillary Clinton's former Rose partner, Webster L. Hubbell, who entered federal prison this week for overbilling clients -- including the government.

As congressional Whitewater hearings came to a close yesterday, House Republicans distributed a stack of letters and memos to and from Hillary Clinton connected to her work for Madison and its owner, James B. McDougal, that showed her involved in a wider range of issues than she has previously discussed. In the past, Hillary Clinton has described her work for Madison as minimal. The issue has been an ethical concern for the Clintons since the 1992 presidential race, when news accounts raised questions about Hillary Clinton's representation of the S&L in a matter before a Clinton-appointed regulator. At the time, McDougal was the Clintons' partner in the Whitewater real estate venture.

Rose's many potential conflicts of interest and its failure to disclose them to the Federal Deposit Insurance Corp. and the Resolution Trust Corp. have recently been detailed by inspectors general from both agencies. The RTC cited Rose's work on Madison in particular as a conflict, but said it had failed to disclose prior work that might have kept it from being hired in six of 16 S&L cases it worked on for the RTC.

"This could be described as an insider firm reaping profits from the public after insiders had defrauded the public and caused a loss to the taxpayers," Banking and Financial Services Committee Chairman Jim Leach (R-Iowa) said of the Rose Law Firm.

Ronald Clark, the firm's chief operating officer, said yesterday that Rose reported its potential conflicts to Hubbell for him to disclose to federal regulators. He noted that "we are the ones who reported Webster Hubbell's crimes to the proper authorities."

But even Democrats refused yesterday to defend the Rose firm's actions. "It's obviously a corrupt firm," said Rep. Joseph P. Kennedy II (D-Mass.). They largely tried to lay blame for the failure to root out Rose's conflicts of interest on Republican appointees running the federal S&L regulatory agencies in the late 1980s when Rose was hired.

Democrats who attended yesterday's hearing were sympathetic toward April Breslaw, the RTC lawyer who hired and supervised Rose.

Breslaw was secretly tape-recorded in 1994 by this week's star witness, RTC investigator L. Jean Lewis. Lewis worked on a request for a Justice Department criminal investigation of Madison and she suspected a check-kiting scheme at the S&L that might be benefiting Whitewater. The real estate venture, which was jointly owned by the Clintons and McDougal and his wife, maintained a checking account at Madison.

On the tape, Breslaw tells Lewis that the "head people" at the RTC, if they could say it honestly, "would like to be able to say Whitewater did not cause a loss to Madison."

But Breslaw, who appeared after the dramatic tape was played before the committee earlier this week, said, "The people at the RTC who have actively participated in the Madison investigation are nonpolitical professionals, like myself. We have never had any interest in anything other than an honest investigation."

In the late 1980s after Madison's failure, Breslaw hired Hubbell to sue Frost & Co., the S&L's accountants. She also dealt with him on other S&L cases Rose took on for the RTC.

Hubbell was the lead attorney in the government's case against Frost & Co., an attempt to recoup some of the estimated $ 60 million in taxpayer losses caused by the S&L's failure. The FDIC sought $ 10 million in damages. Rose settled the case for $ 1.025 million, billing the government $ 375,000 in fees and expenses.

There was a visible chill between the once friendly lawyers yesterday. Hubbell sat at one end of the witness table; at the other end -- as far away as she could get -- sat Breslaw, a young lawyer whose career has been tangled in the Madison controversy as a result of her decision to hire him. For much of the past 1 1/2 years, amid controversy about conflicts of interest by Rose, Breslaw has insisted there were none.

Hubbell acknowledged that he knew Rose had previously represented Madison when the government hired him to sue Madison's accountants. He may have even heard it, he said, from then-state Securities Commissioner Beverly Bassett Schaffer.

Republicans read portions of a deposition from Schaffer in which she said she specifically told Hubbell that Hillary Clinton and another lawyer had previously done work for Madison that involved Frost. Schaffer said Hubbell "just let this discussion drop without additional comment."

Hubbell testified that other Rose firm lawyers, including, he believed, Hillary Clinton, knew Rose was taking on the Frost lawsuit.

PRINT DOC REQUESTED: JULY 3, 1996 103BTC
13 DOCUMENTS PRINTED
55 PRINTED PAGES

SEND TO: BANKING COMMITTEE, 3
SEN. BANKING COMMITTEE
534 DIRKSEN BUILDING
WASHINGTON DISTRICT OF COLUMBIA 20510

**********00855**********

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (WHITE HOUSE ASKED AID OF F.B.I. IN DISMISSALS)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

May 25, 1993, Tuesday, Late Edition - Final

SECTION: Section A; Page 18; Column 1; National Desk

LENGTH: 1051 words

HEADLINE: White House Asked Aid Of F.B.I. in Dismissals

BYLINE: By THOMAS L. FRIEDMAN, Special to The New York Times

DATELINE: WASHINGTON, May 24

BODY:

Amid concern in the White House last Friday over charges that cronyism lay behind the dismissal of seven travel aides, Clinton advisers summoned a senior official in the Federal Bureau of Investigation to a political strategy session and solicited a public statement from the agency backing their version of events.

By calling on the F.B.I. to help save the Administration from embarrassment, the White House appeared to be deviating from two decades of efforts to insulate the law-enforcement agency from even the appearance of Presidential manipulation.

It also put the bureau in the position of departing from what some F.B.I. officials said had been two long-standing practices: dealing with the White House only through the Justice Department to avoid the appearance that the bureau was being enlisted for political ends, and avoiding confirmations of the bureau's investigations. In the past, F.B.I. officials have been disciplined for disclosing investigations.

An Administration official said tonight that Attorney General Janet Reno had called the White House counsel, Bernard Nussbaum, today to complain about the White House not having gone through her office to deal with the F.B.I. statement. The official told of the complaint in confirming an account in the Tuesday issue of The Washington Post.

In an interview tonight, Mr. Nussbaum said that in his conversation with Ms. Reno he had "reaffirmed" that "it has been and remains the policy of the White House that any contact" with the F.B.I. would be made through the Attorney General's office. The original contact with the F.B.I. was made by the White House, he said, because officials there regarded the suspicion of improper acts in the travel office as a police matter.

The disclosure of the White House's interaction with the bureau came during questioning of George Stephanopoulos, the White House communications director, by reporters at today's news briefing.

'We've Got to Do Better'

Mr. Stephanopoulos also acknowledged that President Clinton was "disappointed in what happened" last week, when the furor over the dismissal

of the travel office staff and over the President's expensive haircut at Los Angeles International Airport diverted attention from his economic message. Mr. Stephanopoulos said the President "feels we've got to do better, and we will."

"What we saw last week isn't going to happen again," Mr. Stephanopoulos added. But he no sooner uttered those words than he found himself bombarded by questions about the links between the White House and the F.B.I. in the travel office dismissals.

John Collingwood, the bureau official who attended the White House meeting, said that no one had tried to manipulate the agency into backing the White House findings of mismanagement. "I'm very confident we followed our normal practice here," he said.

Nevertheless, he said he was "surprised" when Presidential aides on Friday took the highly unusual step of releasing an F.B.I. statement not intended for public release, confirming that a Federal inquiry was under way.

Political Strategy Session

While the F.B.I. normally does not disclose investigations, he said, this particular statement was consistent with the bureau's policy of acknowledging some high-profile investigations if the facts have been disclosed by a credible source, in this case the White House.

Mr. Stephanopoulos said today that last Friday, Dee Dee Myers, the White House press secretary, called Mr. Collingwood, the bureau's director of public affairs and Congressional relations, and asked him to meet in Mr. Stephanopoulos's office with Mr. Stephanopoulos; Ms. Myers; David Watkins, assistant to the President for management and administration, who supervised the travel office; Mr. Nussbaum and two members of his staff.

White House officials acknowledged that the meeting was a political strategy session on how to quell the furor over the abrupt dismissal of the travel office staff.

The F.B.I. official was asked to help draft a statement on Friday afternoon after several news organizations obtained a memorandum written by Mr. Clinton's cousin, Catherine Cornelius, less than a month after Mr. Clinton took office, proposing that the White House dismiss the seven career travel office employees and put her in charge.

The disclosure of the Cornelius memo had called into question the White House's claims that the members of the travel office staff were dismissed purely because of mismanagement and possible criminal behavior.

Possible Criminal Behavior

Normally, bureau spokesmen neither confirm nor deny the existence of an investigation, except in unusual cases when it has come to light independently. Some F.B.I. officials said privately last week that they were uncomfortable with the way their agency was being brought into a case with apparent political ramifications.

Nevertheless, bureau officials also said there appeared to have been adequate grounds to begin a preliminary criminal investigation, as the White House had claimed.

Mr. Stephanopoulos said the Clinton team had "talked to" the F.B.I. official about issuing a statement backing the White House claim of possible criminality. That claim was based on an earlier investigation of the office by the accounting firm of Peat Marwick. Mr. Stephanopoulos said no coercion had been involved, and that it was simply a discussion between the White House and the F.B.I. about what, if anything, the bureau would feel comfortable saying at that stage of the investigation.

Reno Met With Sessions

As the White House was releasing the bureau's statement last Friday, Ms. Reno and the F.B.I. Director, William S. Sessions, were meeting to discuss his future with the agency. Mr. Sessions has been under fire for months, and his job is currently under review by the Clinton Administration because of allegations of wrongdoing that were brought by the Justice Department's Office of Professional Responsibility.

Mr. Stephanopoulos said Mr. Sessions played no role in approving the bureau's statement about its investigation of the travel office.

Asked if he had been aware that it was not standard practice for the F.B.I. to confirm investigations, Mr. Stephanopoulos said, "I'd have to check the standard practice."

GRAPHIC: Photo: President Clinton was said to be "disappointed in what happened" last week, when the furor over the dismissal of the travel office staff and over the President's expensive haircut at Los Angeles International Airport diverted attention from his economic message. The President attended an event yesterday in the Rose Garden. (Jose R. Lopez/The New York Times)

LANGUAGE: ENGLISH

LOAD-DATE: May 25, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (HEARING PUTS FOCUS ON ROSE LAW PRACTICE)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The Washington Post
The Washington Post

August 11, 1995, Friday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 1192 words

HEADLINE: Hearing Puts Focus on Rose Law Practice; Conflict-of-Interest Cases Cited by GOP

BYLINE: Susan Schmidt, Washington Post Staff Writer

BODY:

House Republicans turned a harsh spotlight on the failings of Little Rock's Rose Law Firm yesterday, calling it a case study in conflicts of interest for work it did for the federal government. They released new documents to flesh out Hillary Rodham Clinton's role in representing an S&L regulated by her husband's gubernatorial administration.

At issue was the firm's failure to tell two federal agencies of prior work some of its lawyers, including Hillary Clinton, had done for Madison Guaranty Savings & Loan. One of those called to testify was Hillary Clinton's former Rose partner, Webster L. Hubbell, who entered federal prison this week for overbilling clients -- including the government.

As congressional Whitewater hearings came to a close yesterday, House Republicans distributed a stack of letters and memos to and from Hillary Clinton connected to her work for Madison and its owner, James B. McDougal, that showed her involved in a wider range of issues than she has previously discussed. In the past, Hillary Clinton has described her work for Madison as minimal. The issue has been an ethical concern for the Clintons since the 1992 presidential race, when news accounts raised questions about Hillary Clinton's representation of the S&L in a matter before a Clinton-appointed regulator. At the time, McDougal was the Clintons' partner in the Whitewater real estate venture.

Rose's many potential conflicts of interest and its failure to disclose them to the Federal Deposit Insurance Corp. and the Resolution Trust Corp. have recently been detailed by inspectors general from both agencies. The RTC cited Rose's work on Madison in particular as a conflict, but said it had failed to disclose prior work that might have kept it from being hired in six of 16 S&L cases it worked on for the RTC.

"This could be described as an insider firm reaping profits from the public after insiders had defrauded the public and caused a loss to the taxpayers," Banking and Financial Services Committee Chairman Jim Leach (R-Iowa) said of the Rose Law Firm.

Ronald Clark, the firm's chief operating officer, said yesterday that Rose reported its potential conflicts to Hubbell for him to disclose to federal regulators. He noted that "we are the ones who reported Webster Hubbell's crimes to the proper authorities."

But even Democrats refused yesterday to defend the Rose firm's actions. "It's obviously a corrupt firm," said Rep. Joseph P. Kennedy II (D-Mass.). They largely tried to lay blame for the failure to root out Rose's conflicts of interest on Republican appointees running the federal S&L regulatory agencies in the late 1980s when Rose was hired.

Democrats who attended yesterday's hearing were sympathetic toward April Breslaw, the RTC lawyer who hired and supervised Rose.

Breslaw was secretly tape-recorded in 1994 by this week's star witness, RTC investigator L. Jean Lewis. Lewis worked on a request for a Justice Department criminal investigation of Madison and she suspected a check-kiting scheme at the S&L that might be benefiting Whitewater. The real estate venture, which was jointly owned by the Clintons and McDougal and his wife, maintained a checking account at Madison.

On the tape, Breslaw tells Lewis that the "head people" at the RTC, if they could say it honestly, "would like to be able to say Whitewater did not cause a loss to Madison."

But Breslaw, who appeared after the dramatic tape was played before the committee earlier this week, said, "The people at the RTC who have actively participated in the Madison investigation are nonpolitical professionals, like myself. We have never had any interest in anything other than an honest investigation."

In the late 1980s after Madison's failure, Breslaw hired Hubbell to sue Frost & Co., the S&L's accountants. She also dealt with him on other S&L cases Rose took on for the RTC.

Hubbell was the lead attorney in the government's case against Frost & Co., an attempt to recoup some of the estimated $ 60 million in taxpayer losses caused by the S&L's failure. The FDIC sought $ 10 million in damages. Rose settled the case for $ 1.025 million, billing the government $ 375,000 in fees and expenses.

There was a visible chill between the once friendly lawyers yesterday. Hubbell sat at one end of the witness table; at the other end -- as far away as she could get -- sat Breslaw, a young lawyer whose career has been tangled in the Madison controversy as a result of her decision to hire him. For much of the past 1 1/2 years, amid controversy about conflicts of interest by Rose, Breslaw has insisted there were none.

Hubbell acknowledged that he knew Rose had previously represented Madison when the government hired him to sue Madison's accountants. He may have even heard it, he said, from then-state Securities Commissioner Beverly Bassett Schaffer.

Republicans read portions of a deposition from Schaffer in which she said she specifically told Hubbell that Hillary Clinton and another lawyer had previously done work for Madison that involved Frost. Schaffer said Hubbell "just let this discussion drop without additional comment."

Hubbell testified that other Rose firm lawyers, including, he believed, Hillary Clinton, knew Rose was taking on the Frost lawsuit.

"I did not consider that a conflict because we were standing in the shoes of Madison in suing their former accountants," he said. Hubbell said he told the RTC of the prior work for Madison, but Breslaw said she was not informed.

Committee documents obtained from a variety of sources, including the Rose firm and Madison files, showed some of Hillary Clinton's work for the S&L, including a letter she sent to Frost & Co. for an audit -- the same accounting firm Rose later sued on the government's behalf over its Madison audits.

In her February 1986 letter, Hillary Clinton said the S&L was not aware of any pending claims that would affect the 1985 financial statement Frost was preparing for Madison.

An earlier Frost audit of Madison's books was part of the Rose firm's submission to state regulators in 1985 when Madison wanted permission to raise capital by selling preferred stock. Hillary Clinton and a young Rose associate, Richard Massey, worked on the stock proposal.

Two department officials recommended against the plan, which had never before been tried in Arkansas. They were overruled by Schaffer.

Documents show Hillary Clinton worked on Madison's joint investment in loans initiated by another institution for which Rose did work.

In addition, the documents showed Hillary Clinton was involved in various aspects of Madison's Castle Grande industrial-and-trailer park project south of Little Rock. Hillary Clinton provided advice on regulatory questions involving a proposed brewery and water and sewer system at the site.

The RTC inspector general was particularly critical of Rose's work on a $ 1.75 million land deal that bank examiners later branded as a series of "fictitious" transactions. Hillary Clinton was the billing partner on Madison matters, but another Rose attorney handled the land deal closing.

LANGUAGE: ENGLISH

LOAD-DATE: August 11, 1995

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (SHORT SELLER BOOSTED FIRST LADY'S PORTFOLIO)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 Gannett Company, Inc.
USA TODAY

June 18, 1993, Friday, FINAL EDITION

SECTION: MONEY; Dan Dorfman; Pg. 4B

LENGTH: 1323 words

HEADLINE: Short-seller boosted first lady's portfolio

BYLINE: Dan Dorfman

DATELINE: NEW YORK

BODY:

If Hillary Rodham Clinton has a few more bucks than in the late '80s, she owes a thank you to David Hines, a Southerner who has a keen, consistent eye for spotting overpriced stocks.

Hines, whose name has not surfaced before as a money maker for Clinton, helped manage part of her assets in the late '80s and very early '90s. Some pros tell me that thanks largely to his prowess as a short-seller - a bettor on lower stock prices - she turned in some sparkling gains, especially in '89 and '90.

At that time, Hines was a key portfolio manager at a Little Rock investment firm. In fact, the intense, fast-talking Hines' name was on the door: Smith-Hines Investment Management (now Smith Capital Management). Clinton had put $ 50,000 to $ 100,000 in Value Partners, a partnership run by the firm.

Her assets swelled as Hines helped rack up hefty gains for Value Partners - 37% in '89 and 46% in '91. Among the winning short sales that helped spark such increases, according to Hines: USG, Shorewood Packaging, Software Publishing, Southeast Banking and KnowledgeWare.

Rowland Smith, vice president of Smith Capital Management, confirms Hines made a major contribution. "He was very instrumental in those '89 and '90 gains. He's an impressive, knowledgeable guy and especially good at selling short."

Hines, 36, left Smith-Hines in September '91 to start Hines Management. Located in Conway, Ark., 35 miles from Little Rock, it has $ 15 million of assets. Its focus is short selling, though it also buys stocks.

The Clintons' investments were disclosed a month ago in federal filings. At no point did the first lady help pick stocks Value Partners bought or sold short or discuss them with the firm. Her holdings have been placed in a blind trust to avoid questions concerning her financial dealings. Hines doesn't manage any of her assets now.

Hines, who chatted with Clinton on several occasions when her husband was governor of Arkansas, describes her as "astute, businesslike and a real sharp cookie. I'd also say she's well qualified to be president."

Did he vote for Bill? Hines is quick to say: "I won't answer that."

USA TODAY, June 18, 1993

As a short-seller - a risky strategy - Hines trailed the market in '92, posting a 3.5% gain vs. a 7.6% total return for the S&P 500 index. But he beat the average short-seller (down 4%). This year, he's running rings around both with a gain of more than 30%. The S&P 500 this year is up less than 4%, including dividends, and the average short this year is about flat.

Among his big '93 hits on the short side: Eagle Hardware, MTC Electronic, VideOcart, Immune Response, McAfee Associates and KnowledgeWare.

Where will the market be in six months? No answer. "I don't try to guess where the market will go; I try to guess where stocks will go." Still, he's not excited about buying stocks. "We're late in the bull market," he says. His reasoning:

- Rich stock valuations, as measured by fundamental values (such as price-earnings multiples, book values and dividend yields).

- Big public buying of stock mutual funds, a contrary indicator.

- A continuing high level of company stock offerings, which generally coincides with market tops.

Hines tracks 200 stocks daily, mostly on NASDAQ. In short selling, he won't make a bet until he sees an event taking place within three months - some sort of news that'll knock the stock price down. That would include an unfavorable earnings announcement, news of a product delay or a disclosure from a rival that could signal more competition.

"To short without an event is insanity," he says. "A company that has poor fundamentals can double or triple before you're proved right."

That's not as easy as it sounds. Earlier this year Hines rolled craps when he sold short some riverboat-gambling stocks. The event he looked for: that investors would recognize the low quality of earnings because of such practices as capitalizing expenses and low-balling estimated tax liabilities. But it never happened. Mania for the group is such that no one cared. "I shorted too soon and it cost me," he says.

A big reservoir of information for Hines is quarterly corporate filings with the Securities and Exchange Commission in connection with their earnings reports. "I try to get them first or as early as I can to see if there are any problems," he says.

One top short - see charts for favorite shorts and buys - is Jan Bell Marketing. Until recently it was a jewelry distributor that got 60% of its revenue from Sam's Wholesale Clubs (owned by Wal-Mart) and 20% from Pace Warehouse. But no more.

Jan Bell has announced it's switching from being a distributor at Sam's to operating leased jewelry departments at the chain. As part of the shift, Jan Bell will buy more than $ 77 million worth of its inventory from Sam's and hire 1,200 more workers.

Troubling Hines is that he sees profit margins will not be as large as in the past. In fact, the company said just that in a recent quarterly filing with

the SEC. What's more, now that it's more of a retailer than a distributor, Hines points out that Jan Bell will incur inventory risk. In the past, the goods it shipped to Sam's were counted as revenue.

Hines says it's unclear how Jan Bell will fund a $ 77 million merchandise buyback. It could do a stock offering or take some other action that could dilute per-share earnings, he says. He also feels its conversion from chiefly a distributor to a retailer could be much more costly than Wall Street expects.

"This jewelry company is no gem," Hines says.

What's Jan Bell got to say? I left several messages for CEO Alan Lipton, but he never called back. The public-relations department also failed to respond to several calls.

Hines' top buy, though not his biggest projected winner, is Marcum Natural Gas. It makes state-of-the-art dispensing and control equipment for alternative fuels, such as natural gas. Though a money-loser now, it should be a major beneficiary of a big swing to natural gas, Hines says.

How does he relax? "I work; I love it!" Hines, father of three, then caught himself, saying he also coaches a Little League baseball team that's playing less than .500 ball. "It's a rebuilding process," he says. "I'm going to turn it around - just like I did with my firm."

Hines' top shorts...

Money manager David Hines lists his favorite short sales and stock buys for the next 12 months:

Company	Thurs. close	52-week high/low	12-mo. target	Pct. change
Hondo Oil & Gas	$ 8 7/8	12 7/8 / 5 5/8	$ 1	-89%
Tristar	$ 6 5/8	13 / 4 3/8	$ 1	-85%
Columbia Gas System	$ 24 5/8	25 3/4 / 15 1/8	$ 7	-72%
Alaska Air Group	$ 15 1/8	20 3/4 / 14 3/4	$ 5	-67%
Jan Bell Marketing	$ 14 1/2	23 / 12 1/2	$ 5	-66%
SciClone Pharmac.	$ 14	21 1/2 / 7 1/2	$ 5	-64%
Interactive Network	$ 10 1/2	15 1/8 / 3 1/4	$ 5	-52%
MTC Electronic Tech.	$ 9 7/8	30 / 4 7/8	$ 5	-49%

Source: Hines Management

...and his top buys

Company	Thur. close	52-week high/low	12-mo. target	Pct. change
Interactive Medical	$ 2 1/2	3 5/16 / 2	$ 12	+380%
Home Shopping Network	$ 10 1/2	10 1/8 / 4 1/8	$ 20	+90%
Pizza Inn	$ 2 3/4	3 1/4 / 11/16	$ 5	+82%
Marcum Natural Gas	$ 8 5/8	10 7/8 / 2 1/8	$ 15	+74%

Source: Hines Management

GRAPHIC: PHOTO, b/w, Joe Tabacca, AP; PHOTO, b/w, Ted Mathias, AP

USA TODAY, June 18, 1993 PAGE 13

LANGUAGE: ENGLISH

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (INVESTMENT FUND FOR HILLARY CLINTON SOLD SHORT SEVERAL HEALTH CARE STOCKS)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company: Abstracts
Information Bank Abstracts

WALL STREET JOURNAL

May 21, 1993, Friday

SECTION: Section A; Page 12, Column 1

LENGTH: 42 words

HEADLINE: INVESTMENT FUND FOR HILLARY CLINTON SOLD SHORT SEVERAL HEALTH-CARE STOCKS

BYLINE: BY FRED R BLEAKLEY

JOURNAL-CODE: WSJ

ABSTRACT:

Smith Capital Management, the investment fund that manages a portion of Hillary Rodham Clinton's portfolio, has sold short several health-care stocks since she became First Lady, according to fund manager Bill Smith (M)

LANGUAGE: ENGLISH

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (FIRST LADY TOP GOVERNMENT OFFICIAL?)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Houston Chronicle Publishing Company
The Houston Chronicle

August 17, 1993, Tuesday, 2 STAR Edition

SECTION: A; Opinion; Pg. 12

LENGTH: 762 words

HEADLINE: First lady, or top government official?

BYLINE: WILLIAM SAFIRE; Staff

BODY:
IN the weeks before Vincent Foster's death, he was working on overcoming ethical concerns about one of Hillary Rodham Clinton's assets by putting the Clintons' financial holdings into a blind trust.

The guilt-ridden deputy counsel may have mishandled a potential conflict of interest in Value Partners, an investment group in which Hillary Clinton held nearly 1 percent; her estimated share is $ 100,000.

The partnership was about 14 percent invested in health-care stocks at last year's end; it had ""short'' positions in companies like Health Pro, Cryomedical Sciences and Bioplasty, betting their prices would drop. The partnership manager, William Smith, tells me he spoke to Foster ""three or four times'' this year.

Hillary Clinton's public pronouncements about health and her hints at the need for particular price controls had a predictable effect on stocks in that field. Foster assured her she had no conflict-of-interest problems because she was not a government employee.

Then came the lawsuit demanding she open health-reform meetings to the public. The Federal Advisory Commission Act says that such meetings can be closed if attended only by ""full-time officers and employees'' of government. White House counsel won the case by claiming Clinton was indeed a federal official for purposes of that act.

But appellate Judge Laurence Silberman put a pregnant footnote in his June 22 opinion: ""We do not need to consider whether Mrs. Clinton's presence on the Task Force violates any conflict-of-interest statutes. ''

Had Foster's victory in court subjected the first lady to a Justice Department investigation based on the Criminal Code's section 202?

Faxed about this, Counsel Bernard Nussbaum faxes back: ""The decision did not purport to affect the question whether the first lady is an officer or employee for any other purposes, including

The Houston Chronicle, August 17, 1993

application of the conflict of interest laws. ''

About the propriety of these holdings: ""She had no role whatsoever in the investment decisions of the fund. Its holdings included some assets that are health-related, but the total of these assets is a minor portion of the fund's entire portfolio -- to our knowledge, less than 10 percent. Foster was aware of these facts. The matter was not discussed with the Office of Legal Counsel. ''

Reasonable ethicists will grant that Hillary Clinton's health-related holdings are, as Nussbaum writes, ""clearly insubstantial, because they are both a small amount of money and an insignificant part of the Clintons' total assets. '' Nobody suggests she was out to make a buck on short sales of medical stocks.

But what may well have contributed to Foster's gloom was the need to protect the first lady from the consequences of his FACA victory with legal legerdemain. His solution was to put this active official outside the reach of the law.

Section 203 specifically exempts the president and the vice president from the conflict-of-interest law. Adds the redoubtable, likable Nussbaum: ""It is the view of the White House counsel, consistent with the views of prior administrations, that the first lady, like the president, is not covered by the conflict of interest statutes and regulations. ''
That's the Foster-Nussbaum doctrine, not the law. The non-coverage of this most governmentally energetic first lady was not sanctioned by Congress, not approved by the courts, not even reviewed by the Justice Department.

Justice's much-ignored Office of Legal Counsel, once led by such luminaries as Chief Justice William Rehnquist and Justice Antonin Scalia, was again bypassed by the White House. (The de facto boss at Justice, Hillary's former law partner, Webster Hubbell, even took over the poor guy's office space.) Nussbaum says that President Reagan's Office of Legal Counsel ""opined that the first lady was not subject to these laws'' -- as if Nancy Reagan ever claimed to be a government official for any purpose.

The blind trust finalized three days after Foster's death does not clean up a half-year's dealings of an asset that a lawyer sensitive to the appearance of conflict should have ordered divested on Inauguration Day.

What must have added to Foster's mental burdens? Not the money made by Hillary Clinton's $ 14,000 piece of health stocks; that's chicken feed. It was the trap set for her by her own counsel: She must seek to join the president and vice president as the only full-time government officials exempt from the conflict-of-interest law.

The Houston Chronicle, August 17, 1993

LANGUAGE: ENGLISH

TYPE: Editorial Opinion

NOTES: Safire is a Pulitzer Prize-winning columnist of the New York Times.

LOAD-DATE: August 18, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (WHO IS VINCENT FOSTER)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company: Abstracts
Information Bank Abstracts

WALL STREET JOURNAL

June 17, 1993, Thursday

SECTION: Section A; Page 10, Column 1

LENGTH: 47 words

HEADLINE: REVIEW & OUTLOOK: WHO IS VINCENT FOSTER?

JOURNAL-CODE: WSJ

ABSTRACT:

Editorial sees further indications of the Clinton administration's carelessness in following the law; discusses case of White House deputy counsel Vincent Foster, a former partner of Hillary Clinton in the Rose Law Firm in Little Rock

LANGUAGE: ENGLISH

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (THE DISTANT DRUM OF C. BOYDEN GRAY)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1989 The Washington Post
The Washington Post

March 31, 1989, Friday, Final Edition

SECTION: STYLE; PAGE D1

LENGTH: 3552 words

HEADLINE: The Distant Drum of C. Boyden Gray;
The President's Friend and Ethics Czar, Pursuing His Causes & Clashing With Insiders

BYLINE: Phil McCombs, Washington Post Staff Writer

BODY:

C. Boyden Gray multimillionaire tobacco heir, Harvard '64, certified member of America's patrician elite and now President Bush's controversial White House counsel and ethics czar -- rams the pedal to the metal.

His long hair flying wildly, a chortle on his lips and a wicked gleam in his eye, "CB" -- as his blueblood buddies call him shouts over the wind, "See if I can race this Porsche!"

He eyes the Porsche, which has come from behind to snake around the battered old methanol-powered Chevy that he's piloting along the George Washington Parkway.

rrrrrrrrrrrrrrr-auh-RRRRRRRRRR! goes CB's engine.

"Huh huh, hahaha, HAHAHA!" goes CB uncharacteristically, it might seem, for a lean, 6-foot-6, ascetic-appearing man with thick bushy eyebrows who's given to striding around the White House like some stoop-shouldered Ichabod Crane with a somewhat distracted, professorial air.

He pushes his Chevy past 75 mph, pressing toward 80.

"It doesn't stop!" he shouts, referring to the zip the 110-octane, low-pollution alcohol fuel made from natural gas gives the ancient Chevy. "It keeps on going. IT JUST KEEPS ON GOING!"

But the Porsche gets away.

Did it occur to Gray as he revved more than 20 mph over the limit that it might not do the president any good if his legal counsel got picked up for speeding?

Well, sort of.

"I don't really want to get picked up," he grinned, lifting his foot. But a moment later he jammed it down again, in the passionate belief that alcohol fuels are the solution to the nation's energy problems.

Did it occur to Gray last weekend, when he publicly criticized aspects of the administration's triumphant bipartisan accord with Congress on Central

America, that this kind of publicity might not do the president any good?

Gray, 45, may be one of Bush's most trusted aides, but it's being said in the White House and elsewhere in Republican circles that this free-thinking maverick is a political bumbler who's hurting his boss.

That he's dabbling in policy and pushing pet projects like alcohol fuel when he should stick to his job of lawyering for the president.

"He's politically inept, that's his problem," says a major Republican operative. "The guy is very well meaning, but he's got a political naivete'. He kept pushing this grain stuff [grain is the source of ethanol, another alcohol fuel] back in Iowa. He overdid it. He just didn't have the perspective."

A Bush staffer who watched Gray at work during the campaign recalls that "in senior staff meetings he'd go on about something out of this world. You'd be in a meeting 10 days before Iowa and he would blow on about some insane thing in the paper on methane."

"This guy," sums up a key Republican observer, "is not coming across as a suave Washington insider who knows the ways of power. He comes across as a lawyer who's in over his head."

Gray's eight years as Bush's vice presidential counsel, in this observer's view, "didn't include any heavy lifting. He was basically standby equipment."

Gray, whose legal brilliance is unquestioned -- he clerked for Earl Warren and later became a partner at Wilmer, Cutler & Pickering -- is offended by these suggestions.

"I don't think I'm politically dumb," he protests, "I really don't ... The ethanol thing was such an explosive and powerful issue in the farm community. The argument could be made it made a big impact in the Illinois primary against [Sen. Robert] Dole."

But with the administration barely two months old, the flaps continue.

In the latest, White House Chief of Staff John H. Sununu this week rebuked Gray for his public criticism of the Central America accord that Secretary of State James A. Baker III had worked out with Congress. Gray believed that it might encroach on the constitutional powers of the president, amounting to a legislative veto, but his sin was telling this to The New York Times.

"Judgment was lacking," a senior administration official was quoted as saying.

Gray wouldn't comment, but another administration official came to his defense, saying, "He has an academic interest in the whole subject of legislative vetoes, and part of his job is to protect Bush's position. This could set a precedent for the future, and he was doing his job by questioning it."

Still, it didn't look good in public.

The Washington Post, March 31, 1989 PAGE 25

And it was the second time in recent weeks that Gray had clashed bitterly with Baker -- whose ties with the president go back much further than Gray's.

Gray, designated by the president to enforce ethical standards in reviewing financial and personal information on the new administration's appointees, had been privately pressing Baker to sell a large block of stock in a bank holding company with outstanding loans to Third World countries. Suddenly news of this dispute appeared on the front page of The Washington Post.

Baker sold the stock but was said to be "wild" with rage at Gray, thinking the counsel planted the story, which Gray as much as admitted to The Wall Street Journal. He said he mentioned Baker's situation to reporters as one of several examples of troubles officials face in dealing with family businesses.

"Baker will kill him for it," says a Republican observer. "Baker likes to toy with people like that. He will, over time, destroy his credibility."

Asked if he's mad at Gray, Baker smiles blandly and says, "No, he's doing his job -- as he sees it."

Gray viewed the matter, he says, in purely legal terms. "I don't know him personally," he says of Baker, "but the law changed in 1988 or 1987 and I basically had no choice."

Earlier, Gray had come under fire for taking a legalistic approach in assessing the FBI reports on defense secretary-designate John Tower. At a time when Sununu wasn't yet fully in charge, it fell to Gray to read the reports and explain their significance to Bush. Several administration sources believe he focused too narrowly on whether Tower was guilty of serious wrongdoing, rather than considering whether Senate Democrats could mount a political offensive.

"But I wasn't the political manager!" retorts Gray in his own defense. "I don't know who was -- Sununu, [White House congressional liaison Fred] McClure, but not me. I'm not the point man ... My role was not to make political judgments about it. I had nothing to do with the selection of Tower to begin with."

In a particularly noticeable lapse, Gray, the ethics watchdog, failed to bring his own finances into line with Bush's stated standards. Two weeks after the inauguration, he hurriedly resigned his position with a family communications company and took steps to put his extensive holdings into a blind trust after disclosures in the press that he had accepted thousands of dollars in fees while serving as counsel to then-Vice President Bush.

"Doonesbury" jumped on that one.

Some believe that Gray's own embarrassment led him to leak the Baker information a few days later in order to get the spotlight off himself -- politically unpardonable, if true.

Again, Gray gives a narrow interpretation, saying he didn't technically do anything improper.

"I didn't have to set up a blind trust," he says. "I thought I'd done the one better thing, which is to sell everything that posed a potential conflict ...

The Washington Post, March 31, 1989

I didn't have that much anyway because I'd been selling all throughout the period of the vice presidency."

"It definitely looked bad," says Frederick Khedouri, the vice president's deputy chief of staff in 1985-86. "Sometimes Boyden exhibits characteristics that in other people have been described as absent-mindedness."

Or, says a Republican insider, it might be "the noblesse oblige concept that the rules don't apply to me because I'm a certain class of person."

To Gray's oldest and dearest friends, the idea that he did wrong is impossible to entertain. "To have CB, of all people, come under ethics charges!" says Tom Goodwin, who helped vote Gray into the exclusive Porcellian club at Harvard and who now runs a Washington television production company. "He's one of the most honorable people I know. He just wouldn't do that."

"Well," says Gray, "it was embarrassing to be in 'Doonesbury,' you know. It's not fun."

Sununu and others in the White House may be mad at him, but Gray's relationship with Bush -- a strong friendship, really, that developed when he was vice presidential counsel -- remains solid. Bush has "developed a confidence and trust level with Boyden that's not going to be shaken," says Republican National Committee Chairman Lee Atwater.

Gray was Bush's first presidential appointment.

A White House insider, asked if the flaps had affected the Gray-Bush relationship, says simply, "No. Why should it?"

There are those who believe the chemistry between the two men is based on their patrician origins. "I'm totally convinced it's class solidarity and nothing else," says a source who worked with the two during the vice presidential years. "Boyden's background is amazingly similar to Bush's -- they come from this narrow spectrum of American society. The president feels very comfortable around him, and it enables Boyden to understand better what goes on in the president's mind. I mean, how many rich WASPs are there anymore?"

Bush and Gray belong to the Alibi Club, perhaps the most exclusive and secretive club in Washington with just 50 members. Their fathers were golfing buddies. Gordon Gray, who died in 1982 (whose own father had been a president and chairman of the R.J. Reynolds Tobacco Co.), was national security adviser to President Dwight D. Eisenhower, secretary of the Army for President Harry S Truman and president of the University of North Carolina.

"Boyden's father was what you might call one of 'The Wise Men' of that generation," says Lloyd Cutler, former White House counsel to President Jimmy Carter and Boyden Gray's mentor at Wilmer, Cutler & Pickering. "He was a citizen-statesman who followed the tradition of Cincinnatus ... Boyden is in that mold of citizen-statesman."

Indeed, Clayland Boyden Gray seems relaxed and comfortable poking around in his large, wood-paneled West Wing office. In the way that only the very rich can manage, he's rumpled and tweedy and looks as if he would greatly benefit if someone would buy him a new shirt. There's a huge hole in the bottom of one of

his shoes, and you get the feeling that if he were preparing to drink a martini, he might casually stir it with his finger.

"It's my way of trying to hide my family assets," he joked once when Sen. Sam Nunn (D-Ga.) noticed the hole in his shoe. Gray is worth more than $ 10 million.

Sprawled on the sofa, warily eyeing his visitor, he's charming and funny and serious by turns. He talks about his job as counsel, about the flaps, but seems happier by far when he manages to turn the conversation to Thomas S. Kuhn's "The Structure of Scientific Revolutions" and its theory on cultural resistance to "paradigm shift, the way people think, and why they resist" new ideas like alcohol fuels.

Bush, he notes, pushed alcohol fuels during his vice presidency -- at first as a matter of energy security, and later for environmental reasons.

"At one point," Gray recalls, "I remember Dwayne Andreas [head of Archer Daniels Midland, the giant of the ethanol industry] dragging me aside at dinner or something and saying" -- here Gray assumes a deep voice -- " 'Yew oughta tell George, m'boy, tell Georrrrrge, that he, uh, could really make a big thing in the farm belt by pushing ethanol as a pollution control measure.' And I thought to myself, 'You jerk, I was the one who told your people that it had this benefit!' "

It's not long into the interview before Gray mentions in passing that his old college buddy Billy Nitze (Paul Nitze's son) was "having lunch today with the president, and he asked me to go down." A little later he mentions that he's "involved in lunch Friday with the president ... Baker, [national security adviser Brent] Scowcroft, [drug czar William] Bennett and myself."

It's kind of hard to miss the point.

The phone rings, and he takes the call. "I talked to the president about it at noon," he says to someone. "I told him it was a tricky business."

Another call comes and, after keeping the second caller on hold for a minute or so, he finally tells the first, "I got Senator Tower waiting on another line."

He switches to Tower, whose nomination, half an hour earlier, was deep-sixed by the Senate.

"Yes, sir," he says. " ... I'm sorry that it happened, but I thought it was as dignified as possible."

Gray then chuckles at some witticism of Tower's, and hangs up.

He describes his interactions with Bush, modestly, as "just a good working relationship."

The long vice presidential years -- during which Bush and Gray, among other things, spearheaded President Ronald Reagan's effort to reduce government regulations -- put the two men through what Gray calls "some testing, which provides a basis for a working relationship."

The Washington Post, March 31, 1989

Now, as a result, the president "knows what my strengths and weaknesses are -- he knows when he can trust me, I think, and when he should get somebody else to do something that is not my area of expertise."

Gray's job, he says, has included advising the president on the Eastern Air Lines strike, reviewing his speeches for legal glitches, coordinating with the National Security Council on the legal implications of presidential actions, and so on. He also says he's been working on the president's proposals for revisions of the Clean Air Act that will soon go to Congress -- this last item being a prime example, in the view of some White House sources, of Gray's meddling in policy matters.

"I'm interested," Gray responds coolly, "in issues involving the environment, as to which I have some expertise." Nevertheless, he insists his job generally "is not to be political. That's Atwater's job. That's other people's job."

Cutler says "everything depends on the president and the use he makes of his counsel." It's important, he says, for the counsel to "have the guts to bring things up even if it makes others mad ... Boyden is maybe not wily and ingratiating, but I think that's one of his strengths ... He's the very essence of integrity."

Most of his time now, Gray says, is still spent on FBI clearances for new appointees. Bush promised during the campaign higher ethical standards than Reagan's, and it has fallen to Gray to monitor this. At the same time, recommendations of the President's Commission on Federal Ethics Law Reform are being forwarded to Congress.

"It's an impossible job," Gray says. "I can see how I make enemies. You tell people that they can't do this and that." But, he adds, "hopefully the message has gotten out that the president feels very, very strongly about these issues ... People know they've got to be on their toes."

There is about Gray, personally, a strange mixture of madcap gaiety -- he frequently attends parties, and stays in touch with scores of old friends -- and a deep sadness that somehow makes itself felt.

He's been unlucky in love. He got married late, to Carol Elizabeth Taylor, a Washington ceramist in her twenties whom he met near his summer place in Maine. It was a gala wedding with a reception at the Metropolitan Club attended by the Bushes. Gray and his wife had one child, a girl, but are now separated.

He worked long hours then, as now, and it was a sore point in the marriage. "It's terribly sad," says Angela Galaud, an artist and friend. "He's almost naive, in a way, about everyday life. He sort of operates on a higher plane."

Earlier, Gray spent many years intensely -- and platonically -- involved with a beautiful woman who was fighting cancer. She won the fight, but they didn't marry. "There's sadness because he's spent so much time alone," says a woman who knows him well. "It's a very lovely part of him, that he would allow himself to be that way, instead of saying that anyone would do for a wife. He's a gentle soul."

"I don't understand his unhappiness," says Drewry James Jones Jr., a Raleigh lawyer who went to law school at North Carolina with Gray. "He probably

doesn't understand it himself, but I suspect all his workaholism may fulfill some need not met elsewhere."

Actually, Gray does sort of understand it, and takes a stab at self-analysis in recounting his background. Growing up with three brothers and a sister in Chapel Hill, when his father was president of the university, was a blissful early existence -- but his father was busy and distant, and his mother died when he was only 10. He remembers her punishing him one time by "whacking away at me with a brush and it broke, the pieces flew across the room and I kept on crying, and she was laughing. She shook me and said, 'You're supposed to be laughing, not crying!' She had a great sense of humor. She thought it was the funniest thing that ever happened."

He was sent to boarding school at St. Mark's in Massachusetts, and then to Harvard, where he studied history, was on the board of the Crimson, and graduated magna cum laude. But "I was always," he says, "odd man out isn't the right word, but always different."

He was a Southerner in the North at a time when Southerners were suspect as racist yahoos. In addition, "I came from a relatively wealthy background. I felt different because ... I was more or less conservative" at a time when radical chic was on the rise.

After a stint as an officer in the Marine Corps -- "I didn't see how I could avoid [military service] with a father who had been secretary of the Army" -- he returned to North Carolina for law school. He again found himself, because of his years in the North, a social outsider.

From the start, Gray shone intellectually. "He's one of the brightest people I've ever met," says Charlie Shaffer, an Atlanta attorney who grew up with him in Chapel Hill. "He was a year younger than everybody in grade school, but he had this tremendous brainpower."

Gray was first in his class and editor of the law review at North Carolina, then went on to a prestigious clerkship for Chief Justice Earl Warren, who liked matching wits with an ideologically conservative clerk.

Trained as an antitrust litigator, Gray found himself at Wilmer Cutler doing some government agency work and planning strategy for lobbyists. He was there 12 years, became a partner and helped fight antitrust legislation and lobby disclosure laws.

In December 1980, Deanne C. Siemer, a colleague at Wilmer Cutler, suggested Gray as a counsel for the new vice president. "I never thought I'd stay eight years," Gray says, "but he constantly made it interesting and challenging."

The sadness in Gray's life, his friends say, unexpectedly helped bring about a happy political gain for Bush. Early in their deregulation work, Bush and Gray decided not to press for changes in regulations that help the handicapped -- a major victory at the time for the handicapped rights movement.

According to Evan Kemp, a handicapped rights leader and commissioner at the Equal Employment Opportunity Commission, Gray came on as "a wonderful, warm person" who "instinctively understood disability." Gray himself says the emotional shocks of his mother's death, his father's distance and his

loneliness at school "may be why I understood better."

In the presidential campaign, he seized on rights for the disabled as an issue and prevailed on Bush to mention it prominently in his acceptance speech and elsewhere. Millions of Americans are disabled in one way or another, and Gray's efforts apparently had an effect, according to Louis Genevie, a vice president of the Louis Harris polling organization, who studied the matter.

"The data demonstrate," he wrote to a Sununu aide after the election, "that 1 to 3 points of President-elect Bush's 7-point margin of victory are directly attributable to the swing in disabled voters from their traditional Democratic leanings toward the President-elect after he pledged to include disabled voters in the mainstream."

Says Atwater: "Boyden was very sensitive politically on the disabled matter, and he helped a lot of us see the light on that ... He had a sincere belief and conviction, and he pursued it with feeling."

Showing off his battered old car, Gray seems totally relaxed and happy.

He slows, accelerates, slows, accelerates.

RRRRRMMMMMMMAAMAMAMmmmmmmmmmmmmmmmm

"Not bad," he muses. " ... The paradigm shift, yeah. That's just something I'm curious about. I'd recommend to you the biography of [Sir Alexander] Fleming, the discoverer of penicillin. Talk about difficulty in getting a new product accepted! I mean, think where we'd be if we didn't have antibiotics ... "

rrrrrrrrRAGGHGGGGGmmmm

" ... but it took 12 years, the Second World War and an outbreak of gonorrhea in North Africa in order to spring it loose, and it took Churchill's personal intervention!"

RHUM! RHUM! RHUM!

He crosses Chain Bridge, heads back toward town along the canal -- a little more gently now.

rrrrrrrrrrrrrrrrrr

"Alcohol fuel is much smoother, too," he says. "Gasoline has 40 or 50 different compounds in it that detonate at different times. Ethanol is just one compound. There's no shaking and rattling."

rrrrrrrrr

He pulls up in front of the White House.

"Not a bad car, huh?"

The Washington Post, March 31, 1989 PAGE 31

GRAPHIC: PHOTO, C. BOYDEN GRAY AND HIS METHANOL-POWERED CHEVROLET. WAYNE PARTLOW; , C. BOYDEN GRAY, WHITE HOUSE COUNSEL.

LANGUAGE: ENGLISH

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (AN ALL-STAR NEW YORK LAWYER DISPUTES THE IDEA THE HE'S BECOME A WHITE HOUSE BUMBLER)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

June 11, 1993, Friday, Late Edition - Final

SECTION: Section A; Page 26; Column 1; National Desk; Law Page

LENGTH: 813 words

HEADLINE: At the Bar;
An all-star New York lawyer disputes the idea that he's become a White House bumbler.

BYLINE: By David Margolick

BODY:
Early in the afternoon of June 3, as the candidacy of Lani Guinier disintegrated and the search for a Supreme Court Justice intensified, Bernard Nussbaum slipped out of the White House counsel's office. He had an appointment in New York, and he was determined to keep it.

Months earlier, before names like Zoe, Kimba and Lani were to be bandied about as often as Oprah, the Federal Bar Council of New York made plans to honor Mr. Nussbaum, its past president. When the event rolled around, the 56-year-old lawyer received the usual lawyerly doo-dad -- this time, an antique British wig box -- but also something far more precious: a loving hometown respite from the finger-pointing, second-guessing, and character-assassinating he was enduring in Washington.

"It was a wonderful evening," Mr. Nussbaum said in a telephone interview from the White House. "The fact that 450 members of the bar would come to say 'hello' in the midst of all these attacks was very touching. It gave me the strength to go back and face the wolves."

Changes of venue can produce startling results, but Mr. Nussbaum's move has proven to be the most dramatic since Simi Valley. In two decades at the New York firm of Wachtell, Lipton, Rosen & Katz -- interrupted only by a Watergate-era stint as counsel to the House Judiciary Committee, during which he supervised a young lawyer named Hillary Rodham -- he won a reputation for brilliance and savvy. He was literally a lawyers' lawyer, the man firms like Sullivan & Cromwell and Kaye, Scholer, Fierman, Handler & Hays turned to when they got in trouble.

But a short shuttle ride away in Washington, where he was supposed to supply some gray-haired wisdom to the White House kiddie corps, a different Mr. Nussbaum has emerged, at least to his mostly anonymous critics: politically naive, ham-handed, tone-deaf. It was he, they charged, who was responsible for President Clinton's trifecta of failures -- his first two candidates for Attorney General, Zoe Baird and Kimba Wood, and now, Lani Guinier, the star-crossed choice to head the Justice Department's civil rights division.

As Ms. Guinier went down, only hours after the standing-room-only crowd feted Mr. Nussbaum at the Harvard Club, so did his star inside the Beltway. Time Magazine called him "bumbling." "That's strike three, Bernie," declared Newsweek. Under the headline "Nussbaum Sized Up for the Blindfold," The

Washington Post speculated he was already en route to the egress.

With a Justice still to be selected and myriad other emergencies to tend to, Mr. Nussbaum is giving few interviews, even to defend himself. Only with Lani Guinier, he said, had he miscalculated, by assuming that any difficulties posed by her academic writing would be outweighed by her record as a civil rights litigator.

He boasted of the appointments that worked, particularly of Attorney General Janet Reno and her top aides. He insisted that the skills he had picked up in takeover litigation -- toughness, the ability to keep cool in a crisis and make quick decisions on imperfect information -- mattered more than more Washington seasoning. And he laughed off the press criticism. "It's sheer nonsense," he said. "It goes with the territory."

He said he retained the confidence of the only man who mattered. "When you're down to one client -- the President -- the only thing that counts is your relationship with that client," he said. "If that relationship is good, then bad stories mean nothing. If that relationship is bad, then good stories don't mean anything. My relationship with the President is good."

"I see the President any time I think it's reasonably necessary," he continued. "Unfortunately, it's been necessary too many times."

Mr. Nussbaum conceded he had not anticipated how hyperscrutinizing and jaundiced the eyes of Washington are. But for all abuse, he said there was "no grander job for a lawyer in the United States. "This President is trying to turn this country around," he said. "To be able to help him do that is glorious."

In Mr. Nussbaum's current rarefied world, even the relaxation is memorable. During the N.C.A.A. basketball tournament, for instance, he and his family joined the Clintons and Barbra Streisand at the White House to watch the Arkansas-North Carolina game. His 83-year-old mother has also visited the White House. His wife and daughter got an inscribed photograph of themselves with Mr. Clinton, who wrote: "To Toby and Emily. Thanks for visiting me and my lawyer at the White House."

Mr. Nussbaum's days start around 7:30, when he leaves his apartment in the Watergate Complex. Seldom does he return before 10 at night. Simple pleasures, like dinners out or movies, have become rare treats.

"This is an all-consuming job," he said. "Every fiber, every talent that I have is being used. And to some extent, I'm still learning."

GRAPHIC: Drawing

LANGUAGE: ENGLISH

LOAD-DATE: June 11, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (TEXT OF RESIGNATION AND CLINTON REPLY)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1994 The New York Times Company
The New York Times

March 6, 1994, Sunday, Late Edition - Final

SECTION: Section 1; Page 23; Column 1; National Desk

LENGTH: 469 words

HEADLINE: THE WHITEWATER INQUIRY;
Text of Resignation Letter and Clinton Reply

BYLINE: Special to The New York Times

DATELINE: WASHINGTON, March 5

BODY:
Following is the text of the letter of resignation sent to President Clinton today by Bernard W. Nussbaum, the White House counsel, and excerpts from the President's letter in response:

Dear Mr. President:

It has been a great honor and privilege to serve you as Counsel to the President. I am proud of the accomplishments of this Administration and those that I know will be achieved in the months and years to come. I am also proud of the many contributions my office has made to the wide array of policy initiatives of your Administration.

It was also an honor to have assisted in your choice of Janet Reno to be Attorney General of the United States, Louis J. Freeh to be the Director of the Federal Bureau of Investigation, and Ruth Bader Ginsburg to sit on the Supreme Court of the United States. I am particularly proud of assisting in your selection of more than 60 men and women of the most distinguished and diverse backgrounds ever to serve on the Federal bench.

As I know you know, from the day I became Counsel, my sole objective was to serve you as well and as effectively as I could, consistent with the rules of law, standards of ethics, and the highest traditions of the Bar. At all times I have conducted the Office of the White House Counsel and performed the duties of Counsel to the President in an absolutely legal and ethical manner. Unfortunately, as a result of controversy generated by those who do not understand, nor wish to understand the role and obligations of a lawyer, even one acting as White House Counsel, I now believe I can best serve you by returning to private life. With this letter I am therefore tendering my resignation. It will be effective April 5. 1994, to assist you in arranging for an orderly transition in the Counsel's office.

I will always value your friendship and that of the First Lady, and will always be grateful for the opportunity you gave me to serve. I wish you both the very best.

The New York Times, March 6, 1994

Dear Bernie:

With deep regret, I accept your decision to resign as Counsel to the President. Your friendship and advice have meant a great deal to me over the years.

. . . .

You played an especially significant role in the selections of Attorney General Janet Reno, F.B.I. Director Louis Freeh and Associate Justice Ruth Bader Ginsberg. . . .

It has been said that the best a man can give is his living spirit to a service that is not easy. And we have worked together in Washington at a time when serving is hard. But you gave this Administration one of its liveliest spirits and keenest minds, along with your special reverence for duty and friendship. For these contributions, I will be forever grateful; for your accomplishments, I hope you will be forever proud.

LANGUAGE: ENGLISH

LOAD-DATE: March 7, 1994

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (CLINTON FINDS NO EXPLANATION TO AIDE'S DEATH)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Washington Post
The Washington Post

July 23, 1993, Friday, Final Edition

SECTION: FIRST SECTION; PAGE A4

LENGTH: 747 words

HEADLINE: Clinton Finds No Explanation To Aide's Death; Probes Continuing On Apparent Suicide

SERIES: Occasional

BYLINE: Ann Devroy, Washington Post Staff Writer

BODY:

President Clinton yesterday minimized the likelihood that an explanation will be found for the apparent suicide of White House deputy counsel Vincent Foster Jr., but investigators for the U.S. Park Police and Justice Department said their investigations of Foster's death are continuing.

As many of the Arkansans who came to Washington to run the new government began returning home for the funeral of their friend, Clinton and his senior aides repeated that no clues now exist to explain Foster's death. He was found shot in the head Tuesday night in a secluded area of a Virginia park overlooking the Potomac River.

U.S. Park Police Chief Robert Langston, whose officers are conducting the inquiry into the death, said all evidence "is leading in the direction" of confirming the original finding that the 48-year-old lawyer took his own life.

Foster's office was searched yesterday in the presence of officials from the National Park Service, the Justice Department, the FBI and the Secret Service, according to the White House.

Under their supervision and in the presence of a Foster family lawer, White House counsel Bernard Nussbaum examined the office and found "no suicide note nor any other document bearing on . . . the death," a White House statement said.

The Justice Department said yesterday it has discovered nothing "to indicate foul play or murder" in the death. Nevertheless, the department's inquiry will continue "to find out what the factors were -- if it was a suicide -- that led to him killing himself," said department spokesman Dean St. Dennis.

The department's intentions seemed more extensive than what had been announced Wednesday, but St. Dennis described the probe as "simply a part of good police work" when a high-level government official dies "under less than known circumstances."

"It appears that Mr. Foster's death was a suicide," St. Dennis said. But, he added, "even though there may be only one in a 1,000 chance of foul play, everything will be done to keep in sharp focus even the remote chance that he may have been murdered."

The Washington Post, July 23, 1993

Langston said the police have examined Foster's telephone logs, paperwork in his office, computer files and interviewed "a number of people" who talked to Foster on Tuesday. Foster had arrived as usual at the White House, had lunch at his desk and left the White House shortly after 1 p.m. Police are attempting to reconstruct the five-hour gap between Foster's departure and the call to authorities shortly after 6 p.m. by the person who found Foster's body.

"We have quite a bit of information left to gather," Langston said. Police, for example, are tracing the license plates of cars that were parked in the overlook lot. Detailed interviews with the family will not occur until after today's funeral, when at least one mystery is expected to be cleared up: whether Foster used his own gun to kill himself.

Langston said one old gun was found at the scene, but it was constructed of parts of at least two guns with separate serial numbers. The chief said Foster owned a gun described as being like the one found.

Foster's body was flown to Little Rock, Ark., yesterday aboard a Defense Department aircraft, accompanied by Associate Attorney General Webster L. Hubbell. Foster, Hubbell and Hillary Rodham Clinton were partners in the influential Rose law firm in Little Rock, and the three were described by the president as "best friends."

The Foster family and other Arkansans flew separately on a private plane to Little Rock where a funeral mass will be held this morning at St. Andrew's Cathedral. The Clintons were to attend the service with their daughter, Chelsea, and the president was to deliver a eulogy for his childhood friend.

Like the president, many of Foster's colleagues and friends continued to question how a lawyer at the top of his career and with no visible serious problems could have taken his life. While many of Foster's associates described him as being "down" and "depressed" and too prone to blame himself for White House problems, they all said he had given no hint of a depression so serious as to take his own life.

"I don't think there is anything more to know," Clinton said. "I mean, you know, his family, his friends, his co-workers -- we've been up real late two nights in a row now, remembering and crying and laughing and talking about him, and I don't think there is anything else."

Staff writer Michael Isikoff contributed to this report.

LANGUAGE: ENGLISH

LOAD-DATE: October 14, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (WHITE HOUSE AIDE LEAVE NO CLUE ABOUT SUICIDE)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

July 22, 1993, Thursday, Late Edition - Final

SECTION: Section A; Page 1; Column 4; National Desk

LENGTH: 1408 words

HEADLINE: White House Aide Leaves No Clue About Suicide

BYLINE: By THOMAS L. FRIEDMAN, Special to The New York Times

DATELINE: WASHINGTON, July 21

BODY:

Vincent W. Foster Jr., the deputy White House counsel, spent Tuesday morning at his desk in the West Wing. Later, he watched the President name a new F.B.I. Director in the Rose Garden and gave a friendly wave to reporters.

Then he returned to his office for an upbeat chat with his boss and lunch alone at his desk. Shortly after 1 P.M., he left the White House, telling his secretary he was going out. Sometime between then and 6 P.M., he drove to a secluded bluff across the Potomac River from Washington, pulled out a vintage Colt revolver and, a few yards from an old Civil War cannon, shot himself in the mouth.

So went the official account from the police and the White House of the last hours of the 48-year-old Mr. Foster's life, an account that did nothing to explain why a man who seemed to be at the pinnacle of his career, working in a White House headed by his boyhood friend, would take his own life. There was no note on the ground by his body. No message on his desk. No explanation lodged in his office computer. No serious hints from friends of brooding. Just a mystery that baffles his family and colleagues from Washington to Little Rock.

At the request of the White House, the Justice Department is coordinating an inquest into Mr. Foster's death. Lawyers from the department met today with agents from the Federal Bureau of Investigation as well as the Park Police to draw up a plan to scour Mr. Foster's office on Thursday morning for possible clues. Officials said that the office was sealed today and that his papers must be examined in a way that will not compromise his lawyer-client relationship with Mr. Clinton.

A native of Hope, Ark., like Mr. Clinton, Mr. Foster attended Miss Mary's kindergarten with the President and Thomas F. McLarty 3d, now the White House chief of staff. On his office shelf, he kept a framed photograph showing the three of them as youngsters gathered at a birthday party. This morning, some 40 years later, Mr. Clinton and Mr. McLarty gathered the White House staff to pay tribute their kindergarten chum and to wonder aloud: why?

"It is an immense personal loss to me and to Hillary and to many of his close personal friends here," the President said in a subdued voice during a brief appearance in the Rose Garden after tearing up his official schedule for the day to mourn Mr. Foster. "As I try to explain to the young people on the staff, there is no way to know how these things happen."

Mr. Foster's boss, Bernard W. Nussbaum, the chief White House counsel, told the same gathering about his last encounter with Mr. Foster, described by many as a brilliant lawyer who kept his emotions to himself. Mr. Nussbaum said they had been discussing two nominations they had helped to engineer: those of Louis J. Freeh as F.B.I. Director and Judge Ruth Bader Ginsburg for the Supreme Court.

"I said, 'Hey, Vince, not a bad day,' " recalled Mr. Nussbaum. "I said, 'We hit two home runs -- home runs for the country. So I think we are doing our jobs and I think we are doing it well.' And he just sort of smiled. And I said, 'I'll see you later.' And that's the last time I saw Vince."

It was apparently the last time anyone saw him. The police said Mr. Foster apparently drove from his White House office and eventually wound up at Fort Marcy, a roadside park along the George Washington Parkway on the west bank of the Potomac River in Virginia, across from the capital.

He parked his 1989 Honda Accord with Arkansas license plates in the 24-car lot, walked several hundred yards toward a bluff and shot himself, the police said.

Mr. Foster's body was found shortly before 6 P.M. His jacket and tie were off, a revolver was found in his right hand. An autopsy today by the Fairfax County medical examiner concluded that Mr. Foster died as a result of a gunshot wound and that the injury was "not inconsistent with that of a self-inflicted wound," the Park Police said.

The authorities said the gun, now a collector's item, was a .38-caliber Army Colt revolver manufactured in 1913. Federal investigators said the pistol was one of a matched set but could not say for certain who owned them. The investigators found the second weapon, but did not say where. It also was not known whether Mr. Foster had the guns in his car when he went to work that morning, or if he got them after leaving the White House.

Because the weapons were so old, they cannot be traced through the usual serial number procedures, so it will take time for investigators to determine who owned the weapons and for how long.

So much was left unanswered that in their uncomprehending grief, some of Mr. Foster's friends and associates raised the possibility of foul play.

But Major Robert Hines of the Park Police said, "We're 99 percent sure it was a suicide." The death was first reported to the Park Police at about 6 P.M. by an unidentified person who found the body, the authorities said. The Park Police then notified the Fairfax County Fire and Rescue Department. Officers from both agencies arrived on the scene about 6:15 P.M.

The soft-spoken Mr. Foster was a star athlete in high school, first in his class at law school, the highest scorer on the state bar exam in his year and two years later, a partner at the prestigious Rose law firm in Little Rock. Mr. Clinton described him as a "Rock of Gibraltar."

Just over six months ago he came to Washington to join in the victory of Mr. Clinton and his wife, Hillary, who was one of Mr. Foster's closest friends from their many years working together at the law firm in Little Rock. He and his wife, Lisa, had three college-age children and recently moved into a house in

Northwest Washington. For Mr. Foster, the Clinton Administration was a family affair. His sister Sheila Foster Anthony, the wife of former Representative Beryl Anthony Jr. of Arkansas, was also hired as Assistant Attorney General.

Late today Mr. McLarty told reporters that the President, Mrs. Clinton, the Foster family and the entire White House staff were stumped by why Mr. Foster, who only two weeks ago was seen showing off his White House office to his college-age children, would have taken his own life without any apparent warning. Some simply shook their heads and ascribed the death to what one friend called private demons that no one could identify. Others said, well, maybe, he did seem a little distracted lately. But they could not say why. Washington, naturally, was rife with rumors.

One was that the Washington Times was preparing a story about Mr. Foster, and a reporter there, Michael Hedges, acknowledged that he had made preliminary inquires about him. He would not describe the nature of the inquiry.

But Mr. Hedges said he had not interviewed Mr. Foster about the story. He added, "We were not at a point where anything was imminent that we were going to break on the guy." Francis Coombs, the newspaper's national editor, said, "We do not have anything anywhere near publication that has to do with Mr. Foster."

Friends say Mr. Foster and his wife were bothered by the travel office scandal, as well as by editorials in The Wall Street Journal on July 14 and 19 lambasting the Clintons for having placed their "legal cronies from Little Rock at the heart" of the Administration. The July 14 editorial ran sketches of four alumni of the Rose firm now serving in posts: Mr. Foster, Mrs. Clinton, Associate Attorney General Webster L. Hubbell and William H. Kennedy 3d, the No. 3 White House counsel.

Mr. Clinton rejected some reporters' suggestions that Mr. Foster might have been driven to suicide by despondency over recent negative publicity related to the legal counsel's handling of the White House travel-office scandal and various botched appointments. He was only peripherally involved in the travel-office affair and was not reprimanded for his actions. The President said, "I certainly don't think that can explain it."

But the friends say that Mr. Foster, a seasoned litigator, would certainly not have been driven to suicide by either of these controversies, which by Washington's low standards of civility were almost gentle.

Trying to explain the unexplainable, Mr. Clinton simply told his staff, "Remember that we're all people and that we have to pay maybe a little more attention to our friends and our families and our co-workers, and try to remember that work cannot be the only thing in life."

EDITOR-NOTE:
An article yesterday about Vincent W. Foster Jr., the deputy White House counsel who killed himself on July 20, was accompanied by a chart headed "Key Events in Mr. Foster's Last Months." The chart listed, as separate events, four editorials in The Wall Street Journal that were critical of Mr. Foster.

As the article noted, these editorials disturbed Mr. Foster, but there is no way to specify what moved him to suicide. The editorials should not, therefore, have had such prominence in the chart.

CORRECTION-DATE: July 22, 1993, Thursday

GRAPHIC: Photos: Vincent W. Foster Jr., and his wife, Lisa, attended a theater opening in 1988 in Little Rock, Ark., with President Clinton and his wife, Hillary. Mr. Clinton was then Governor of Arkansas and Mr. Foster was working at the prestigious Rose law firm in Little Rock. (Associated Press)(pg. A21); President Clinton speaking yesterday about the death of Vincent W. Foster Jr. (Reuters), the deputy White House counsel, shown last month. (Associated Press)(pg. A1)

LANGUAGE: ENGLISH

LOAD-DATE: September 1, 1993

DATE: JULY 3, 1996

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (CLINTONS MYSTIFIED BY AIDE'S DEATH)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Washington Post
The Washington Post

July 22, 1993, Thursday, Final Edition

SECTION: FIRST SECTION; PAGE A1

LENGTH: 1391 words

HEADLINE: Clintons Mystified By Aide's Death; Staff Shaken by Apparent Suicide

SERIES: Occasional

BYLINE: Ruth Marcus, Ann Devroy, Washington Post Staff Writers

BODY:

President Clinton yesterday gathered a shaken and grieving White House staff trying to make sense of the death of deputy White House counsel Vincent Foster Jr., who police said shot himself in the head Tuesday night in a Virginia park.

Foster, 48, a lifelong friend of the president, left no suicide note or other explanation of his action, authorities said. He was found with a single gunshot wound Tuesday at 6:15 p.m. at Fort Marcy Park in McLean, slumped next to a Civil War-era cannon.

Word of Foster's death sent waves of shock and disbelief not only through the White House but also through Washington and home to Arkansas. Though colleagues and friends spoke of depression and dejection and of a man who let the troubles and problems of the White House weigh too heavily on him, no one entertained the idea that suicide was possible, they said.

Foster, who like Clinton was born in Hope, Ark., was the No. 2 person in the counsel's office, which has been criticized for not properly scrutinizing some of the president's unsuccessful appointments. He also was a key adviser to the health care task force chaired by Hillary Rodham Clinton, who had been one of his partners and friends in the Rose law firm, the influential Little Rock practice that also contributed two other senior lawyers to the administration.

The public record of Foster's life, and interviews with friends and associates here and in Arkansas, offered a portrait of a reserved but well-liked high-achiever: graduating first in his law school, gaining the highest score on the state bar exam, making partner at Rose in two years, excelling in legal and civil life, awash in professional and civic awards.

"Vince Foster was probably one of the most brilliant and solid people that I've ever known," said Joe Purvis, a Little Rock lawyer and childhood friend. "Vince Foster was a wonderful man in every way," said Clinton, in a brief public tribute in the Rose Garden. He said he had encouraged the White House staff to "try to remember that work can never be the only thing in life."

Although White House officials said they saw few if any signs of emotional problems from Foster, others who were his friends described themselves as worried over his depression and anxiety. One Washington friend said, "His friends could see his depression and his wife was terribly worried about it.

He took everything to heart, too much to heart. He felt responsible for things he should not have felt responsible. He felt these burdens and could not seem to shake them off the way others do."

The friend said that the Fosters and associate attorney general Webster Hubbell and his wife went to the Eastern Shore last weekend for a break from the pressures -- Hubbell is another friend from the Rose law firm -- and that Foster's family believed it had helped him. "Certainly people who knew him well -- he is reserved and hard to know, really -- felt he was depressed, but not depressed in the sense of killing himself. I can tell you that thought did not enter people's minds," the friend said.

Clinton addressed the mystery himself. "No one can ever know why this happened," he said. "Even if you had a whole set of objective reasons, that wouldn't be why it happened, because you could get a different, bigger, more burdensome set of objective reasons. . . . So what happened was a mystery about something inside of him."

White House Chief of Staff Thomas F. "Mack" McLarty, who described himself as "heartbroken" at the death of a man who also was his lifelong friend, said, "Try as we might, all of our reason, all of our rationality, all of our logic cannot answer the questions raised by such a death."

From information provided by the White House and the U.S. Park Police, Foster had a typical morning Tuesday and lunch at his desk before leaving his second floor office about 1 p.m. He would not be heard from, by family or staff, again.

Around 6 p.m., Fairfax County rescue workers found the body after responding to an emergency call of trouble at the outpost that overlooks the Potomac River.

Maj. Robert H. Hines, a Park Police spokesman, said Foster, dressed in slacks and a dress shirt but no tie, was carrying no identification when his body was found. Foster's suitcoat, with his wallet and identification, was found later in his car by police searching for clues. The car, with Arkansas license plates, was parked along with several others in the lot of the overlook, which is off the George Washington Memorial Parkway in McLean.

"Some people who commit suicide have a tendency to seek out a nice area of solitude," Park Police Sgt. Gregory Brown said of that area. "It appears he went off and found himself a quiet place and that was it."

Park Police reported that a revolver was found near the body. Law enforcement sources said the Park Police asked the Bureau of Alcohol, Tobacco and Firearms to trace two Colt .38s manufactured in 1913, but ATF was unable to do so because of the age of the weapons.

Shortly after 9 p.m., McLarty was notified of the unconfirmed death and by 10 p.m., the death was confirmed. Clinton was told by McLarty just after he finished an appearance on the "Larry King Live" show on CNN, and Clinton and McLarty went quickly to Foster's Georgetown home to comfort his wife, Lisa. Friends described a shocked and grieving group of Arkansans engaging in the same soul-searching over Foster that enveloped the White House yesterday.

The White House announced that the Justice Department would be the "point of contact" for an investigation into Foster's death by the U.S. Park Police.

The Washington Post, July 22, 1993

A search of Foster's White House office is scheduled for today, Justice Department spokesman Dean St. Dennis said. Two senior Justice Department lawyers, David Margolis and Roger Adams, are participating because "there is apparently a great deal in the office on paper and in the computer concerning Foster's privileged communications with the president," St. Dennis said.

Clinton, joined by a contingent of Arkansas friends, will travel to Little Rock Friday for the funeral. Hillary Clinton, who some describe as an even closer friend of Foster than the president, already is in Little Rock.

The president canceled his public events yesterday but said he had kept to his routine of meetings in the White House. "We have to go on -- we have the country's business to do," he said. Aides described him as sitting up until almost 2 a.m. wondering what had brought Foster to the edge. "He was perplexed, like everyone," one aide said.

Some staff members, overcome with emotion, described a morning meeting in which Clinton recalled his childhood with Foster in what one called "the most evocative, moving words." The White House later released a transcript in which Clinton called Foster "a perfectly wonderful man on whom I relied and on whom I put a lot for a very long time."

Clinton said that when McLarty informed him of Foster's death, "I just kept thinking in my mind of when we were so young, sitting on the ground in the backyard, throwing knives into the ground and seeing if we were adroit enough to make them stick." Clinton, McLarty and Foster grew up together in Hope, where Clinton's grandparents' yard abutted the larger yard of the Foster family.

Clinton spoke of Foster being there for him when he began his career in politics, when he ran for Arkansas attorney general and governor. He said when the Rose law firm hired Hillary, "Vince Foster and Webb Hubbell became her closest friends."

Because of his job, Foster had been associated with some of the administration's problems in appointments that had not been thoroughly investigated, and in the travel office affair where he had attended some of the meetings related to it and briefed Hillary Clinton. But he was not criticized in that situation, nor held responsible for some of the problems with appointments.

Yet a friend described him as feeling responsible. "He was a guy whose individual sense of responsibility for things went well beyond what a normal person would do. He brought everything on top of himself and was almost obsessive in wanting everything to be done right and feeling he somehow could have made it right if it wasn't."

Staff writers Dan Balz, Michael Isikoff, Bill Miller and Pierre Thomas contributed to this report.

GRAPHIC: PHOTO, VINCENT FOSTER JR.; PHOTO, REUTER

LANGUAGE: ENGLISH

The Washington Post, July 22, 1993

LOAD-DATE: October 14, 1993

CONFIDENTIAL

290 LR 35063

WILLIAM HARRY ROEHLE 5/25/94 Page 4

OIC 000116

CONFIDENTIAL

FEDERAL BUREAU OF INVESTIGATION

6/16/94

SUSAN P. THOMASES, was contacted by telephone at the law firm of WILLKIE, FARR, and GALLAGHER, 153 East 53rd Street, New York, New York where she is employed as an attorney and a partner. After being advised as to the official identity of the interviewing agent and the nature of the interview, Ms. THOMASES provided the following information:

She resides at , New York, New York, has a non-published home telephone number, .

She works the majority of her time in New York City but with her firm having had an office in Washington, D.C. since 1981, she routinely comes to Washington on Wednesdays and returns to New York on Thursday evenings. She is the managing partner of her firm's Washington, D.C. office.

She first met VINCENT FOSTER, JR. in Arkansas during 1976 through her friends BILL and HILLARY CLINTON. She served with HILLARY CLINTON on the Children's Defense Board and has known both HILLARY and BILL CLINTON for approximately 20 years. She regarded VINCENT FOSTER as a friend although she only saw him approximately once or twice a year during the period 1976 through 1991, when she would visit the CLINTONs and/or come to Arkansas on business.

In July, 1991, she moved to Arkansas to begin working full time on BILL CLINTON's Presidential campaign. During the entire campaign, she was in charge of daily scheduling for CLINTON and for campaign events. She continued this work on a part time basis throughout the transition period from the BUSH administration to the CLINTON administration handling scheduling matters for the newly elected President. Toward the end of the transition period in December, 1992, she returned to her law practice in New York and Washington. Since she had met many volunteers during the CLINTON campaign who took positions with the new administration, she often visited with them during her weekly trips to her Washington, D.C. office. She therefore during the campaign, transition, and the first six months of the

(telephonically)

6/16/94 New York, New York 290-LR-35063 SUB A

by Date dictated 6/16/94

OIC 000

213

CONFIDENTIAL

29D-LR-35063 SUB A

Continuation of FD 302 of SUSAN T. THOMASES On 6/14/94 Page 2 of 7

CLINTON administration, got to know VINCENT FOSTER fairly well.

She last saw VINCENT FOSTER on Wednesday or Thursday before his death. She believes that they had lunch together with some other people in Washington. She recalls him mentioning he planed to take a weekend trip to the eastern shore of Maryland. She noted no change in his demeanor or physical appearance but was aware that he was working very hard and was under considerable pressure. His death came as a complete shock to her and she can offer no reason or speculation as to why he may have taken his life.

Ms. THOMASES continues to regard HILLARY and BILL CLINTON as friends and visits with them from time to time when she is in Washington.

CONFIDENTIAL

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/16/94

Captain CHARLES W. HUME, United States Park Police (USPP) was reinterviewed at the Annocostia Operations Facility, Washington, D.C. for the purpose of verifying the fact that all investigative notes taken by USPP officials during the course of the VINCENT FOSTER death investigation had been submitted to Office of the Independent Counsel. Captain HUME provided the following information to include copies of the below cited investigative notes:

Captain HUME advised that based on a prior request by Special Agent he had thoroughly reviewed all investigative notes in his possession and personally contacted all USPP officials who were involved in the death investigation to determine if any investigative notes were still outstanding. Based on this review, Captain HUME furnished a series of investigative notes which, in his opinion, might not have been included in the initial submission of investigative notes to the Office of the Independent Counsel. Captain HUME stated that he feels confident that with the submission of these notes, that all available investigative notes have been made available to the Office of the Independent Counsel and further stated that the original notes will be maintained in the official case folder.

A review of the above cited investigative notes by SA reflect miscellaneous notes by Captain HUME, Investigator JOHN ROLLA, Officer CHRIS HODAKEVIC and Detective JOSEPH MEGBY. These notes were reviewed by SA MONROE and contain no information not already in the possession of investigative personnel.

Investigation on 6/14/94 at Washington, D.C. File # 29D-LR-35063

by Date dictated 6/16/94

OIC 000419

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

LAW OFFICES
WILLIAMS & CONNOLLY
725 TWELFTH STREET, N.W.
WASHINGTON, D. C. 20005
(202) 434-5000
FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R. CONNOLLY (1922-1978)

DAVID E. KENDALL
(202) 434-5145

Confidential

June 20, 1995

TO: Robert J. Giuffra, Jr.
Lance Cole

FROM: David E. Kendall
Nicole K. Seligman

RE: Privilege Log for Foster Documents

Pursuant to our agreement, we are transmitting herewith a Privilege Log for the Vincent Foster documents this law firm received from the White House in July, 1993. We designate this a Highly Confidential Document, subject to the conditions stated in Paragraph 4 of your June 15, 1995 letter.

Index to Vincent W. Foster, Jr. Files

Files with no privileged documents

1. Whitewater Development (produced)
2. WJC--Continuing Legal Education
3. HRC--Arkansas Law License
4. Clinton Exploratory Committee
5. Clinton Fund Raiser "Dream Team" Reception
6. Clinton Physician
7. White House/Brookings Project
8. Executive Residence Security
9. Arkansas Home
10. Presidential Retreat
11. Chenal Property Fact Sheets
12. HRC: Personal & Confidential
13. HRC: Financial
14. WJC and HRC Blind Trust
15. First Family--Form 278

Files with privileged documents

16. Clinton Financial Statements
17. WJC--July Amendment to 1993 SF-278
18. WJC-1993 Chronological File
19. Unlabelled blue folder
20. Unlabelled green folder
21. 1992 Income Tax Returns
22. First Family--1993 Income Tax Returns

23. Clintons: 1992 and 1993 Projected Income Taxes

24. Clinton Blind Trust

Privilege Claim Abbreviations

A/C P: Attorney-Client Privilege

WP P: Work Product Privilege

Ex P: Executive Privilege

Privilege Log: Vincent W. Foster, Jr. Files

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
1	16	12/10/92	Brant Buck	Clay Davis		Four-page typed memorandum re tax issues	A/C P WP P
2	16	Undated		VWF		One page of VWF's handwritten notes re post-1992 election legal issues [All references to Whitewater produced on redacted copy]	A/C P WP P
3	16	11/24		VWF		Two pages of VWF's handwritten notes of conversation or meeting with lawyers concerning post-1992 election legal issues [All references to Whitewater produced on redacted copy]	A/C P WP P Ex P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
4	16	Undated		VWF		One page of VWF's handwritten notes re post-1992 election legal issues [All references to Whitewater produced on redacted copy]	A/C P WP P
5	16	12/9/92		VWF		Three pages of VWF's typed notes re post-1992 election legal issues (two copies) [All references to Whitewater produced on redacted copy]	A/C P WP P
6	16	4/28/92	Betsey Wright Jim Hamilton Jim Lyons	Jonathan Foster		Two-page typed memorandum re: Amended and Restated State Disclosure Form (with twenty pages of attachments) [All references to Whitewater produced on redacted copy]	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
7	16	12/22	Hillary Rodham Clinton	VWF		One-page handwritten memorandum re Office of Government Ethics legal issues	A/C P WP P
8	17	7/9/93	The President	VWF Beth Nolan	Bruce Lindsey	One-page typed memorandum re: Amendment to Financial Disclosure Report, attaching two-page draft (both original and copy in file)	A/C P WP P
9	18	7/11	Brant	VWF		One-page handwritten note re blind trust issues	A/C P WP P
10	18	7/9/93	The President	VWF Beth Nolan	Bruce Lindsey	One-page typed memorandum re: Amendment to Financial Disclosure Report	A/C P WP P
11	18	6/8/93	Cheryl Mills	VWF	Carolyn Huber	One-page typed memorandum re tax issues	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
12	18	4/22/93	Yoly Redden	VWF	Carolyn Huber Robert B. Barnett	One-page typed letter re tax issues, with handwritten note of VWF to "Bob"	A/C P WP P
13	18	4/15/93	Robert B. Barnett	VWF		One-page typed letter re tax issues	A/C P WP P
14	18	4/14/93	Robert B. Barnett	VWF		One-page typed letter re tax issues	A/C P WP P
15	19	6/24/93	VWF	Mike Berman	Handwritten note states: "Submitted orally to D. Koffsky 7/8"	One-page typed memorandum re: Residence entertainment	A/C P WP P Ex P
16	19	5/18/93	VWF David Watkins	Mike Berman		One-page facsimile transmitting one-page and two-page typed memoranda re issues for possible review by OLC	A/C P WP P Ex P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
17	19	Undated				One page of typed legal questions re: Scheduling and advance, with handwritten notes	A/C P WP P Ex P
18	19	5/23/93	VWF David Watkins	Mike Berman		Four-page typed memorandum re: 2nd draft of issues for review by OLC	A/C P WP P Ex P
19	19	6/1/93	"CFW Berman"			Two pages of VWF's handwritten notes re various legal issues	A/C P WP P
20	20	July __, 1993	Bernard Nussbaum	The President		One-page typed draft memorandum re: Amendment to Financial Disclosure Report, with handwritten notes (both original and copy in file)	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
21	20	7/2/93	The President	VWF Beth Nolan		One-page typed memorandum re: Amendment to Financial Disclosure Report, attaching one-page draft memorandum (two copies in file)	A/C P WP P
22	20	July __, 1993	Bernard Nussbaum	The President		Two-page typed draft memorandum re: Amendment to Financial Disclosure Report	A/C P WP P
23	20	7/9/93	The President	VWF Beth Nolan	Bruce Lindsey	One-page typed memorandum re: Amendment to Financial Disclosure Report	A/C P WP P
24	20	7/9/93	The President	VWF Beth Nolan	Bruce Lindsey	One-page typed memorandum re: Amendment to Financial Disclosure Report, attaching one-page draft memorandum	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
25	20	7/1/93	The President and Mrs. Clinton	C. Brantly Buck		One-page typed letter re blind trust issues	A/C P WP P
26	20	7/15/93	The President	C. Brantly Buck		One-page typed letter re blind trust issues, with three-page attachment	A/C P WP P
27	21	4/26/93	VWF	Robert B. Barnett		One-page typed letter re tax issues	A/C P WP P
28	21	4/13/93				One page of VWF's handwritten notes re tax issues	A/C P WP P
29	21	Undated				Twelve pages of VWF's handwritten notes re tax issues [All references to Whitewater produced on redacted copy]	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
30	21	4/5/93	VWF David Watkins	Barbara Yates		Two-page typed memorandum re: Income Tax Matters Related to President and Mrs. Clinton	A/C P WP P
31	21	Undated	VWF			One-page typed message from Bob Barnett re tax issues	A/C P WP P
32	21	4/6/93	Robert B. Barnett	VWF		One-page typed letter re: 1993 Income Tax Return [All references to Whitewater produced on redacted copy]	A/C P WP P
33	21	Undated				Thirty-five page draft 1992 federal and state tax returns with VWF's handwritten comments [All references to Whitewater produced on redacted copy]	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
34	21	4/7/93	VWF	Robert B. Barnett		One-page facsimile transmitting a six-page letter (4/7/93) from Robert L. Jones to Robert B. Barnett re tax issues, with VWF's handwritten comments [All references to Whitewater produced on redacted copy]	A/C P WP P
35	21	4/5/93	Robert B. Barnett	VWF		Two-page typed letter re: 1993 Income Tax Returns [All references to Whitewater produced on redacted copy]	A/C P WP P
36	21	4/5/93	VWF	C. Brantly Buck		One-page typed letter re tax issues, with six-page attachment	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
37	21	Undated				Three pages of VWF's handwritten notes re tax issues [All references to Whitewater produced on redacted copy]	A/C P WP P
38	22	6/2/93	"TCW Yoly"			One page of VWF's handwritten notes re tax issues	A/C P WP P
39	22	5/26/93	Yoly	VWF		One-page handwritten letter re tax issues	A/C P WP P
40	22	5/17/93	VWF	Barbara Yates		One-page facsimile transmitting one-page letter, with two pages of schedules, re tax issues	A/C P WP P
41	22	3/11/93	VWF	John Tisdale	Jim Lyons Barbara Yates	One-page typed memorandum re tax issues	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
42	22	3/5	"TCW B Buck"			Two pages of VWF's handwritten notes re tax issues	A/C P WP P
43	22	3/11/93	VWF	John Tisdale	Jim Lyons Barbara Yates	One-page typed memorandum re tax issues (with one-page cover sheet)	A/C WP P
44	23	12/26/92	VWF	Yoly Redden		One-page typed letter re tax issues, with nine pages of workpapers attached	A/C P WP P
45	24	7/2/93	The President	VWF Beth Nolan		One-page typed memorandum re: Amendment to Financial Disclosure Report	A/C P WP P
46	24	6/28	C Huber	VWF		One-page handwritten note re tax issues	A/C P WP P
47	24	7/11	Brant	VWF		One-page handwritten note re blind trust issues	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
48	24	7/2	Hillary	VWF		One-page handwritten note re blind trust issues	A/C P WP P
49	24	6/15	Hillary	VWF		One-page handwritten note re blind trust issues	A/C P WP P
50	24	6/5/93	VWF	Beth		Two-page typed memorandum re blind trust issues	A/C P WP P
51	24	6/18/93	VWF	C. Brantly Buck		One-page typed letter re blind trust issues (two copies, one with handwritten note to "Carolyn")	A/C P WP P
52	24	6/3/3	Ricki	VWF		One-page handwritten note re blind trust issues, with four pages of draft trust schedules attached	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
53	24	1/15/93	VWF	Brant Buck		One-page typed memorandum re blind trust issues, with eight-page typed attachment	A/C P WP P
54	24	5/27	Hillary	VWF		One-page VWF handwritten note re wills, with one-page typed memorandum from Brant Buck to VWF re estate questions, dated 5/27/93, attached	A/C P WP P
55	24	5/22/93	Hillary Rodham Clinton	VWF	C. Brantly Buck Carolyn Huber	Two-page typed memorandum re blind trust issues, with seventeen pages of schedules attached	A/C P WP P
56	24	6/3	Beth			Four pages of typed draft schedules to blind trust, with handwritten notes on each page	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
57	24	6/9/93	VWF	C. Brantly Buck		One-page typed letter re blind trust issues, with one-page draft attached	A/C P WP P
58	24	Undated				Five pages of VWF's handwritten notes re blind trust issues	A/C P WP P
59	24	6/2/3				One page of VWF's handwritten notes re legal issues concerning Department of Transportation	A/C P WP P Ex P
60	24	"6/?"	Ricki	VWF		One-page handwritten note re blind trust issues, with four pages of draft trust schedules attached	A/C P WP P
61	24	Undated				One page of VWF's handwritten notes re blind trust issues	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
62	24	4/26/93	Daniel W. Burkhardt	Beth Nolan	VWF Timothy Flynn Marsha Scott	One-page typed memorandum re: Reporting Requirements for Presidential Gifts	A/C P WP P
63	24	Undated				Two pages of VWF's handwritten notes re blind trust issues, with business card attached	A/C P WP P
64	24	1/8/93	VWF	Brant Buck		Two-page typed memorandum re blind trust issues	A/C P WP P
65	24	11/9/92	VWF	Brant Buck	Webb Hubbell Hillary Clinton	Two-page typed memorandum re Hillary Rodham Clinton's withdrawal from Rose Law Firm	A/C P WP P
66	24	12/16/92	VWF Webb Hubbell	Brant Buck		Two-page typed memorandum re Hillary Rodham Clinton's withdrawal from Rose Law Firm	A/C P WP P

Number:	File:	DATE:	TO:	FROM:	CC:	DESCRIPTION:	PRIVILEGE CLAIM:
67	24	2/25/93	Hillary Rodham Clinton	C. Brantly Buck		One-page typed letter re: Release from Rose Building Limited Partnership Guaranties, with five-page attachment	A/C P WP P
68	24	Undated				Four pages of VWF's handwritten notes re blind trust issues	A/C P WP P

Computer Cabinet - upper 2000004

1. Personal - WJC Financial Disclosure form 2 5/14/93
2. Clinton Rib. Financial Disclosure Report 1992
3. WJC Passports
4. Clinton - Mansion
5. Personal - Clinton Campaign '92 - Correspn
6. Personal - Clinton - Board Confirmation
7. Personal - Clinton papers
8. Personal - Clinton - DOJ
9. Clinton - Health Issue
   - 1 CES - Personal and Confiden
10. Personal - Clinton Ark. Office
11. Clinton Mansion (Empty)
12. Personal - NEPOTISM - Vol. I
13. Personal - NEPOTISM - Vol. II

Z0000005

14. Personal - TRANSITION NOTES
15. Personal - Clinton - LEGAL
16. Personal - Transition Vetting Notes
17. AG Candidates
18. Personal - Miscellaneous

Lower right drawe

1. Materials on Heber Springs (w/ letter to President).
2. Washington relocation guide
3. ~~Upper left~~

Upper left

1. Pres. Appointments
2. " "
3.
4. RENO
5. Hubbell Confirmation

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The Time Inc. Magazine Company

Money

October, 1995

SECTION: MONEY NEWSLINE; Pg. 22

LENGTH: 881 words

HEADLINE: The Clintons may owe tax of $ 82,989 on Whitewater

BYLINE: BY TERESA TRITCH

BODY:

THE WHITEWATER MESS MAY END Up hurting Bill and Hillary Clinton the most in their wallets. Back in March of 1994, President Clinton vowed publicly to "make . . . good" any extra taxes he and the First Lady might be found to owe on the failed land development deal. Though the Clintons aren't legally required to pay back taxes on errors that are more than three years old, the President's own words, it now appears, could cost him dearly.

After analyzing documents compiled by the Republican staff of the House Banking Committee for this past summer's Whitewater hearings, MONEY estimates that the Clintons could owe $ 18,701 in back taxes on the venture, plus $ 64,288 if you include interest, for a total of $ 82,989. If we're correct, Whitewater could land the Clintons in even hotter water than we predicted in our April 1994 issue, when we studied their federal income tax returns for the years 1980 through 1992. In that audit we uncovered a potential back-tax bill from their Whitewater dealings of $ 8,441, stemming mainly from questionable write-offs. We later red-flagged a dubious $ 10,131 deduction from their 1978 return that could hike their back-tax bill to $ 18,496.

Now Banking Committee research suggests that five more irregular tax moves flowing from Whitewater could add another $ 5,205, plus interest, to the tax tab. In response to MONEY's questions, the Clintons' personal lawyer, David E. Kendall, said the Clinton legal team is reviewing the specifics of the Republicans' analysis. Here are the highlights:

• Dubious deductions. A re-examination of the Clintons' 1979 return reveals that at least $ 2,400 of the $ 11,749 they claimed in interest deductions is questionable. That's because entries on the Whitewater books show the $ 2,400 as a loan from Bill Clinton to the Whitewater Development Co. A loan is not deductible.

The Clintons' 1987 return contains an equally suspicious move. Part of a $ 2,561 write-off includes a payment of $ 1,636 for Whitewater-related interest. Trouble is, according to a research report prepared for the Resolution Trust Corporation by the San Francisco law firm of Pillsbury Madison & Sutro, the Clintons did not pay that amount in 1987. Instead, on Dec. 30, 1986 they made an interest payment of $ 1,636 and deducted the amount on their 1986 return. The check cleared the bank on Jan. 2, 1987 however, and the Clintons deducted the amount [illegible] year's return. Clearly, that looks like impermissable [illegible].

They are probably not entitled to deduct the remaining $ 925 of the total $ 2,561 either. Research indicates that a portion of the interest was paid by

Hilman Logan, a man who had bought one of the Whitewater lots. "You can't deduct payments you didn't make," says former IRS commissioner Don Alexander.
• Unreported income. In 1982, the Whitewater Development Co. paid off a $ 5,000 loan from Citizens Bank of Jonesboro to the Clintons. (The total paid was $ 5,691, owing to accrued interest.) In a letter to Bill Clinton, banker James McDougal notes: "You are correct in your belief that the sum of money borrowed was a part of your investment in Whitewater." But the Pillsbury report found no evidence that the loan had anything to do with Whitewater. Worst-case outcome: The $ 5,691 could be considered taxable income to the Clintons.

In yet another mix-up, the Whitewater company paid Hillary Clinton $ 144 late in 1984 as a reimbursement for a $ 144 real estate tax bill she had paid earlier. Yet she deducted the $ 144 tax payment on her '84 return. Again, that's a form of double-dipping. To claim her $ 144 write-off, she should have reported the $ 144 reimbursement as income -- but she didn't.
• Understated gains. The Clintons may have understated a capital gain by $ 1,673 on their [illegible] return. That year, the Clintons sold Whitewater Lot No. 13, which they [illegible] owned, for $ 23,758. To calculate their gain on the sale, the Clintons [illegible] $ 14,118 from the sales proceeds, which represented the outstanding 1987 balance on a loan that Bill Clinton had taken out on the lot in 1983. MONEY's tax experts question the legitimacy of subtracting the loan balance when calculating the gain. But even if the Clintons could make a case for doing so, the amount they apparently should have subtracted was the $ 12,445 balance due in 1988, not the higher 1987 figure. The $ 12,445 shows up clearly on bank records and on Hillary Clinton's final check to the bank to pay off the loan.

The most serious charge the Clintons face is the most difficult to document: The Resolution Trust Corporation asserts that as fifty-fifty owners with the McDougals on the land deal, the Clintons owe tax on the amounts that the McDougals paid on their behalf to cover Whitewater's shortfalls. The Pillsbury report shows, for example, that the McDougals shelled out $ 158,523 compared with the Clintons' $ 42,191, an imbalance in the Clintons favor of $ 58,166. Are the Clintons on the hook for that on as much as nearly 60 grand? We didn't include it in our tally. But ultimately, Whitewater independent counsel Kenneth Starr, whose investigation is likely to last until spring, should get to the bottom of the Whitewater mess. So it could be a long, hot winter for the Clintons.

LANGUAGE: ENGLISH

LOAD-DATE: September 22, 1995

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The Washington Post
The Washington Post

August 11, 1995, Friday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 1192 words

HEADLINE: Hearing Puts Focus on Rose Law Practice; Conflict-of-Interest Cases Cited by GOP

BYLINE: Susan Schmidt, Washington Post Staff Writer

BODY:

House Republicans turned a harsh spotlight on the failings of Little Rock's Rose Law Firm yesterday, calling it a case study in conflicts of interest for work it did for the federal government. They released new documents to flesh out Hillary Rodham Clinton's role in representing an S&L regulated by her husband's gubernatorial administration.

At issue was the firm's failure to tell two federal agencies of prior work some of its lawyers, including Hillary Clinton, had done for Madison Guaranty Savings & Loan. One of those called to testify was Hillary Clinton's former Rose partner, Webster L. Hubbell, who entered federal prison this week for overbilling clients -- including the government.

As congressional Whitewater hearings came to a close yesterday, House Republicans distributed a stack of letters and memos to and from Hillary Clinton connected to her work for Madison and its owner, James B. McDougal, that showed her involved in a wider range of issues than she has previously discussed. In the past, Hillary Clinton has described her work for Madison as minimal. The issue has been an ethical concern for the Clintons since the 1992 presidential race, when news accounts raised questions about Hillary Clinton's representation of the S&L in a matter before a Clinton-appointed regulator. At the time, McDougal was the Clintons' partner in the Whitewater real estate venture.

Rose's many potential conflicts of interest and its failure to disclose them to the Federal Deposit Insurance Corp. and the Resolution Trust Corp. have recently been detailed by inspectors general from both agencies. The RTC cited Rose's work on Madison in particular as a conflict, but said it had failed to disclose prior work that might have kept it from being hired in six of 16 S&L cases it worked on for the RTC.

"This could be described as an insider firm reaping profits from the public after insiders had defrauded the public and caused a loss to the taxpayers," Banking and Financial Services Committee Chairman Jim Leach (R-Iowa) said of the Rose Law Firm.

Ronald Clark, the firm's chief operating officer, said yesterday that Rose reported its potential conflicts to Hubbell for him to disclose to federal regulators. He noted that "we are the ones who reported Webster Hubbell's crimes the proper authorities."

But even Democrats refused yesterday to defend the Rose firm's actions. "It's obviously a corrupt firm," said Rep. Joseph P. Kennedy II (D-Mass.). They largely tried to lay blame for the failure to root out Rose's conflicts of interest on Republican appointees running the federal S&L regulatory agencies in the late 1980s when Rose was hired.

Democrats who attended yesterday's hearing were sympathetic toward April Breslaw, the RTC lawyer who hired and supervised Rose.

Breslaw was secretly tape-recorded in 1994 by this week's star witness, RTC investigator L. Jean Lewis. Lewis worked on a request for a Justice Department criminal investigation of Madison and she suspected a check-kiting scheme at the S&L that might be benefiting Whitewater. The real estate venture, which was jointly owned by the Clintons and McDougal and his wife, maintained a checking account at Madison.

On the tape, Breslaw tells Lewis that the "head people" at the RTC, if they could say it honestly, "would like to be able to say Whitewater did not cause a loss to Madison."

But Breslaw, who appeared after the dramatic tape was played before the committee earlier this week, said, "The people at the RTC who have actively participated in the Madison investigation are nonpolitical professionals, like myself. We have never had any interest in anything other than an honest investigation."

In the late 1980s after Madison's failure, Breslaw hired Hubbell to sue Frost Co., the S&L's accountants. She also dealt with him on other S&L cases Rose took on for the RTC.

Hubbell was the lead attorney in the government's case against Frost & Co., an attempt to recoup some of the estimated $ 60 million in taxpayer losses caused by the S&L's failure. The FDIC sought $ 10 million in damages. Rose settled the case for $ 1.025 million, billing the government $ 375,000 in fees and expenses.

There was a visible chill between the once friendly lawyers yesterday. Hubbell sat at one end of the witness table; at the other end -- as far away as she could get -- sat Breslaw, a young lawyer whose career has been tangled in the Madison controversy as a result of her decision to hire him. For much of the past 1 1/2 years, amid controversy about conflicts of interest by Rose, Breslaw has insisted there were none.

Hubbell acknowledged that he knew Rose had previously represented Madison when the government hired him to sue Madison's accountants. He may have even heard it, he said, from then-state Securities Commissioner Beverly Bassett Schaffer.

Republicans read portions of a deposition from Schaffer in which she said she specifically told Hubbell that Hillary Clinton and another lawyer had previously done work for Madison that involved Frost. Schaffer said Hubbell "just let this discussion drop without additional comment."

Hubbell testified that other Rose firm lawyers, including, he believed, Hillary Clinton, knew Rose was taking on the Frost lawsuit.

"I did not consider that a conflict because we were standing in the shoes of Madison in suing their former accountants," he said. Hubbell said he told the ...C of the prior work for Madison, but Breslaw said she was not informed.

Committee documents obtained from a variety of sources, including the Rose firm and Madison files, showed some of Hillary Clinton's work for the S&L, including a letter she sent to Frost & Co. for an audit -- the same accounting firm Rose later sued on the government's behalf over its Madison audits.

In her February 1986 letter, Hillary Clinton said the S&L was not aware of any pending claims that would affect the 1985 financial statement Frost was preparing for Madison.

An earlier Frost audit of Madison's books was part of the Rose firm's submission to state regulators in 1985 when Madison wanted permission to raise capital by selling preferred stock. Hillary Clinton and a young Rose associate, Richard Massey, worked on the stock proposal.

Two department officials recommended against the plan, which had never before been tried in Arkansas. They were overruled by Schaffer.

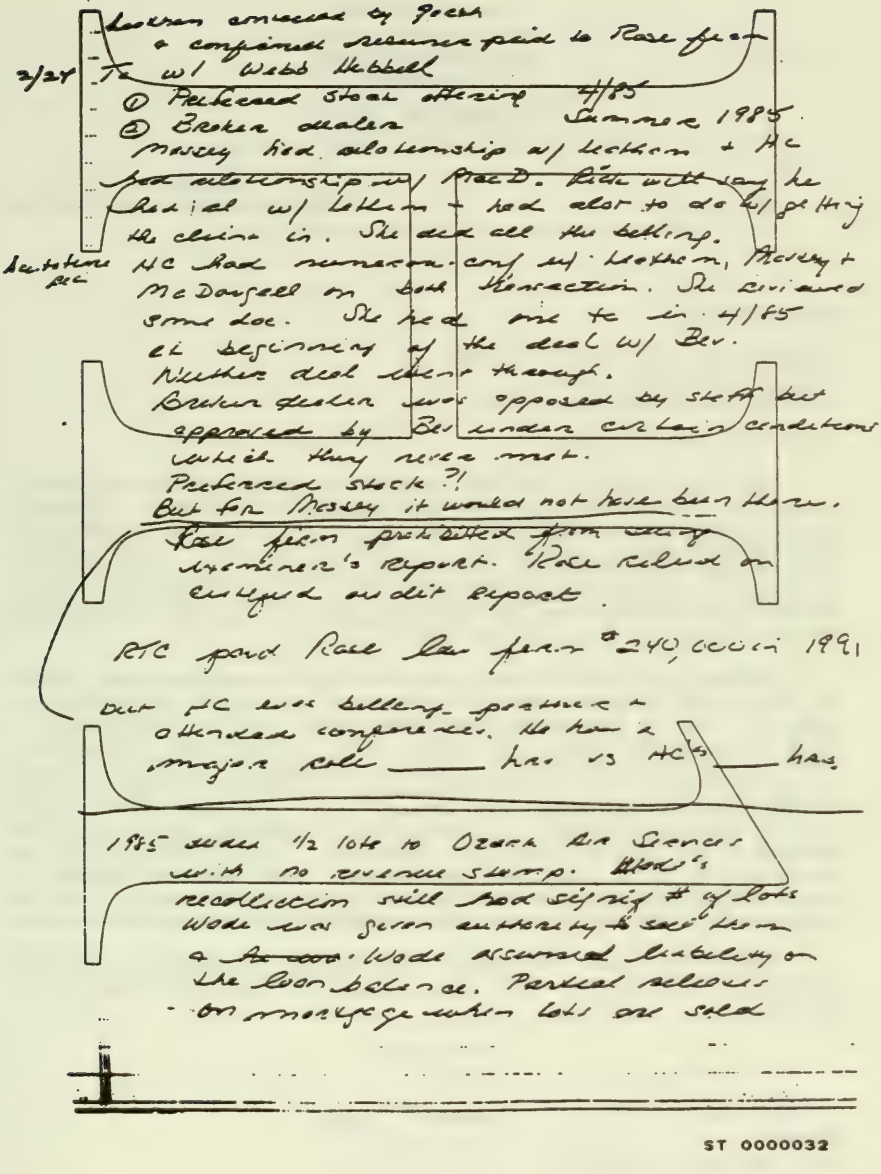
Documents show Hillary Clinton worked on Madison's joint investment in loans initiated by another institution for which Rose did work.

In addition, the documents showed Hillary Clinton was involved in various aspects of Madison's Castle Grande industrial-and-trailer park project south of Little Rock. Hillary Clinton provided advice on regulatory questions involving a proposed brewery and water and sewer system at the site.

The RTC inspector general was particularly critical of Rose's work on a $ 1.75 million land deal that bank examiners later branded as a series of "fictitious" transactions. Hillary Clinton was the billing partner on Madison matters, but another Rose attorney handled the land deal closing.

LANGUAGE: ENGLISH

LOAD-DATE: August 11, 1995


Lawyers involved by Jack
a confirmed statement paid to Rose firm
2/24 To w/ Webb Hubbell
① Preferred stock offering 4/85
② Broker dealer Summer 1985.
Mosley had relationship w/ Lockhart + HC
had relationship w/ Rec D. Rec will say he
had ideal w/ Lockhart + had alot to do w/ getting
the closing in. She did all the talking.
Lockhart HC had numerous conf w/ Lockhart, Mosley +
McDougall on both transaction. She reviewed
some doc. She had one to in 4/85
at beginning of the deal w/ Bev.
Neither deal closed through.
Broker dealer was opposed by staff but
approved by Bev under certain conditions
which they never met.
Preferred stock ?!
But for Mosley it would not have been there.
Rose firm prohibited from using
Arthur's Report. Rose relied on
outside audit report.
RTC sued Rose law firm $240,000,000 1991
But HC was talking practice +
otherwise confidences. He has a
major role ____ has vs HC vs ____ has
1985 sales 1/2 lots to Ozark Air Services
with no revenue stamp. Webb's
recollection still had signif # of lots
Wade was given authority to sell them
@ $20,000. Wade assumed liability on
the loan balance. Partial releases
on mortgage when lots are sold

JAMES M. LYONS
1800 17TH STREET, SUITE 3000
DENVER, COLORADO 80202
(303) 628-9546

April 10, 1992

CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

Express Mail

Governor and Mrs. Bill Clinton
1800 South Center Street
Little Rock, Arkansas 72203

Dear Bill and Hillary:

Enclosed please find the complete report prepared by Patten, McCarthy & Associates concerning Whitewater Development. A summary of this report was previously sent to you and released to the press along with a cover letter from me on March 23, 1992. I have deferred sending this complete report until now to avoid any confusion or possible inadvertant production. The only copies of this report which exist (other than the enclosed original) are in my file and the confidential files of Les Patten.

Please note the enclosed complete report discusses such things as the $9,000 interest deduction taken by you in 1980 (paragraph 4, page 5), lot 13 and borrowings associated with it (paragraph 5, page 5), and the sale of 24 lots in 1985 to Ozark Air for assumption of the mortgage and an airplane (paragraph 6, page 6). None of these items is set out in the summary report which was released to the press. Similarly, the summary report released to the press did not contain Schedule 1, which details loans and advances by the McDougals and the Clintons from 1980-1991. Accordingly, it is my recommendation to you that you maintain the complete report in strictest confidence and do not waive either the attorney/client or accountant/client privilege which attaches to the enclosed report.

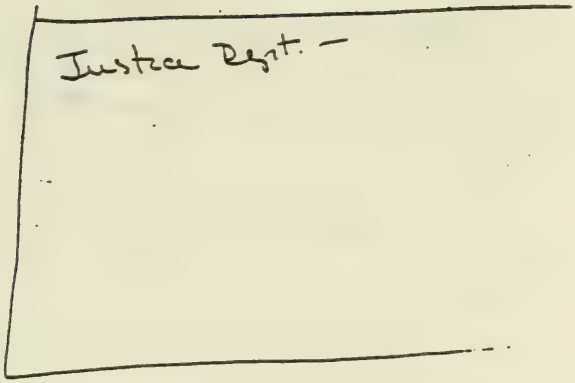
Should you wish to discuss this matter further, or anything else related to Whitewater, please feel free to contact me or Les Patten.

Sincerely,

James M. Lyons

JML:dm
cc: Leslie A. Patten

JML 140

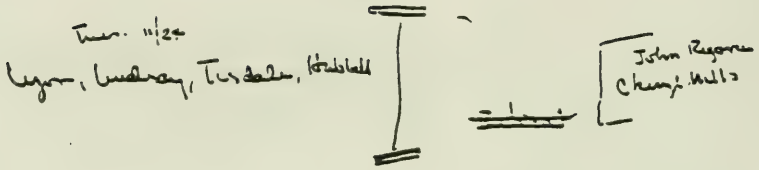


→ Get out of white Water

Redacted

Permal is firm separated

Jim Hamilton
Jim Lyons



Redacted

4. Personal finances
A. White Water (Les letter and org. work)

Q's

Date of meeting 6/4/79

(1) What was nature of deductions

A. How deduct interest/principal payments for corp.?

(2) Can you ~~show~~ use contributions which predated incorporation?

(3) Contributions/advancements of $63,900 to the M=D

(4) Liability to utilize $3000 capital loss

5000 climate presumption / arbitrary

10000 arbitrary

0 would be presumed

IRS reports will gain since measurement of regime we had a loss — zero is arbitrary

[were making payments because M=D were missing]

appears FN

DKSN000514

Reason is 0 = what IRS uses if you don't pass burden

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

July 16, 1995, Sunday, Late Edition - Final

NAME: James B. McDougal

SECTION: Section 1; Page 18; Column 1; National Desk

LENGTH: 1762 words

HEADLINE: Documents Show Clintons Got Vast Benefit From Their Partner in Whitewater Deal

BYLINE: By JEFF GERTH and STEPHEN ENGELBERG

DATELINE: WASHINGTON, July 15

BODY:

From the moment questions about the Whitewater real estate venture began arising nearly three years ago, the main defense by President Clinton and his wife, Hillary, has been that they lost money on the ill-fated deal and were personally liable for its extensive bank loans.

But newly available documents -- including the first completed independent review of Whitewater, prepared for a Federal agency by a law firm -- cast both positions in a new light.

The review shows that the Clintons' partner in the deal, the owner of an Arkansas savings and loan association whose failure cost the Federal Government $60 million, shielded them, to an extent far greater than previously reported, from paying their half of Whitewater's losses.

From 1980 to 1986, that partner, James B. McDougal, advanced the Whitewater venture the $100,000 it needed to avoid a messy default on its bank loans, while the Clintons, half-owners of the corporation, contributed nothing, the report says.

While what has become known as the Whitewater affair now embraces a number of matters under investigation by Congress and an independent counsel, two central questions concerning the land deal that gave the episode its name are these: Did the Clintons pay their share of the venture's losses? And did Mr. Clinton, as Governor of Arkansas, help his business partner, Mr. McDougal, get any favors from state officials?

The report, which puts Whitewater's total losses at about $200,000, addresses only the first question. According to the document, the Clintons contributed $42,192 to Whitewater, while Mr. McDougal, his wife and his companies paid the rest: $158,523.

Those figures are in contrast with a report done for Mr. Clinton's 1992 Presidential campaign, which found that the Clintons had contributed $68,000, and Mr. McDougal and his wife, Susan, $92,000. The White House later acknowledged that the report had overstated the Clintons' contribution by $22,000, but never gave a revised estimate for the McDougals' payments.

Other newly available documents, released by the White House, show that the Clintons' closest advisers were worried about the political implications of the Whitewater losses soon after he took office as President in 1993.

The Clintons had sold Mr. McDougal their Whitewater stock for $1,000 in 1992, and the issue was whether to report any of the Whitewater losses on the couple's 1992 income tax return.

Lawyers for the Clintons noted that the most conservative tax approach was not to report a loss. But an accountant working for the Clintons warned in a letter that the Whitewater issue was "very sensitive" and that reporting neither a loss nor a gain on the project "bolsters the opponents' position" that Mr. Clinton had been protected from its losses.

"The President said he incurred a significant loss -- the return shows no loss," the accountant said in the letter, forwarded on April 7, 1993, to Vincent W. Foster Jr., the deputy White House counsel.

But Mr. Foster, in a handwritten note found in his White House files soon after he committed suicide that summer, expressed no enthusiasm for reporting Whitewater's losses on the tax return. Being required to document them in audit, he said, would be a "can of worms you shouldn't open."

Ultimately, not only did the Clintons decline to report a loss, they actually reported a gain of $1,000, the entire price on their sale of stock to Mr. McDougal -- meaning they would never have to document a cost basis.

The independent study of Whitewater, based on the Clintons' private files and previously unavailable bank records, was prepared for the Resolution Trust Corporation in April by the San Francisco-based law firm of Pillsbury, Madison and Sutro. The 143-page report, labeled "preliminary," is part of an effort by the R.T.C. to see whether it can recover some of the losses created by the collapse of Mr. McDougal's savings and loan association, Madison Guaranty.

David E. Kendall, the Clintons' lawyer, has not seen the report. He declined to be interviewed but said in a statement, "It's simply not accurate that the McDougals somehow disproportionately relieved the Clintons of their share of Whitewater-related debts."

But the report details how Mr. McDougal steadily reduced the Clintons' personal liability for Whitewater's bank loans.

When the real estate venture began in 1978, the Clintons and the McDougals together obtained $203,000 in loans to buy the land, Arkansas vacation property. Both couples were personally liable for those debts, and could have been sued to cover any of the banks' losses.

By 1986, the report says, the Clintons' exposure had been reduced, even though Whitewater as a whole fared quite poorly. According to the report, the Clintons then were obligated for only $77,000 -- a third of the Whitewater company's total debts of $225,000.

Mrs. Clinton has rejected the notion that she and her husband were protected from Whitewater's losses by Mr. McDougal and, in an April 1994 news conference, pointed to the shared bank loans as evidence.

"The ownership of the corporation was 50-50," she said. "The liability on the underlying debt was 100 percent for each one of us."

If at any time Mr. McDougal had been unable to pay his share of the bank debt, she said, "we would not only have been left with 50 percent of the obligation, we would have had 100 percent of the obligation."

She did not mention Mr. McDougal's role in substantially reducing the size of the bank debt, saying only, "We gave whatever money we were requested to give by Jim McDougal."

The report said investigators could not determine "how much, if anything, the Clintons knew about the McDougals' advances to Whitewater." It explicitly supports the Clinton's oft-repeated assertion that they were "passive investors" in Whitewater and had little role in its financial management until 1988.

But it includes some newly available documents showing that the chaotic finances of Whitewater did occasionally require the earlier attention of the Clintons. Taken together, those documents suggest that the couple could have had reason to suspect that the venture was failing to pay its bills.

In October 1984, for example, Mrs. Clinton wrote to Mr. McDougal that she had been forced to pay the company's local real estate taxes "because of my concern that any delinquency could become fodder for election year rhetoric."

And when an Arkansas bank from which Mr. Clinton had borrowed $20,800 on behalf of Whitewater sent a final payment notice to the couple, Mrs. Clinton wrote to Mr. McDougal, "Will you please take care of it or let me know what I need to do?"

Thus prodded, Mr. McDougal sent Mrs. Clinton $4,811 from Whitewater's checking account.

Whitewater's continuing failure to break even also meant troubles with a $182,000 loan from its main lender, the Citizens Bank of Flippin, and the Clintons were told of the loan's occasional delinquency in the early 1980's, according to present and former officials of the bank. The R.T.C. report said the Clintons did not provide a financial statement when that loan was obtained in 1978.

One director of the bank recalls speaking to Mr. Clinton about Whitewater's failure to keep up its payments on the loan, which was renewed nine times.

And a former bank official recalls that on another occasion a senior bank manager approached Mr. Clinton at a political event and raised questions about missing financial statements. Mr. Clinton, this former official said, "got red-faced and said something like, 'You can't dun the Governor.' "

In 1986, the report shows, the Clintons wanted to take their names off the mortgage entirely. "I can well understand your desire to keep your name off the note," Mr. McDougal wrote the Clintons on Nov. 14 that year.

In that letter, Mr. McDougal said he was hoping to extricate them from the money-losing investment "because of the high potential for embarrassment to you." He acknowledged that there had been a "large deficiency" in loan

repayment, attributing it to defaults by three purchasers of Whitewater property, and said the arrears would most likely continue to "mount at an unacceptable rate" in the following months.

Finally, Mr. McDougal pointed out that he and his wife had "in large measure contributed to the company the funds necessary" to cover Whitewater's losses, which he put then at $90,000.

Mr. Kendall, the Clintons' lawyer, said in his statement that the couple had wanted to be released from personal liability on Whitewater loans in exchange for giving Mr. McDougal their equity in the project. But that deal never took place.

The R.T.C. report draws no conclusions about several other Whitewater-related issues, among them whether Mr. McDougal diverted money from his savings and loan to help repay Mr. Clinton's 1984 re-election debts.

And, responding to another allegation raised by R.T.C. investigators, the report concludes that although $56,000 flowed from Madison Guaranty through intermediaries and then to Whitewater's accounts, "little is known about the purpose or reason for these transfers." This is one of the most significant issues in the Whitewater affair. It would be particularly embarrassing for Mr. Clinton if Mr. McDougal siphoned money out of his federally insured savings and loan to prop up Whitewater.

The report has other limitations, too. Some documents are missing, and many important witnesses were not interviewed, in part because of restrictions imposed by Kenneth W. Starr, the independent counsel now investigating the Whitewater affair.

The report also makes no recommendation on a central question posed by the R.T.C.: whether a suit should be filed to recover Madison's losses, if any, in the Whitewater venture.

The report offers no evidence that Mr. McDougal benefited from his relationship with Mr. Clinton. But it does disclose that in 1986, in a meeting with Mr. Clinton and Arkansas health department officials at the Governor's offices, Mr. McDougal vented his grievances concerning sewage inspections of another of his projects. State health officials said in interviews that it had been unusual to hold such a meeting in the Governor's presence, but they insisted that Mr. McDougal's projects had received no special treatment as a result.

While the documentary record sheds new light on the relationship between the Clintons and the McDougals, the investigators acknowledge that without interviews with the two couples, it was impossible to assess their motives and intentions.

GRAPHIC: Photo: James B. McDougal (Associated Press

LANGUAGE: ENGLISH

LOAD-DATE: July 16, 1995

Discussion Points

1. An argument that they were protected against loss:

A) Work is consistent w/ this theory

2. Improper to reduce basis by improper tax benefit

3. Computation of economic loss was based, in part, on assumptions

whereas computation of tax gain or loss must be defensible in audit

DKSN000515

LC options

$1000 basis so no tax effect

but arbitrary & still risks audit

vs

0 basis w/ $1000 gain

avoids any audit of issue

~~problem~~

In Rucker's view no significant difference in answering Q's for

$4000 loss

no loss

$1000 gain

Brown, Rogers & Company, P.A.
Certified Public Accountants

11219 Financial Centre Parkway
Suite 320
Little Rock, Arkansas 72211
501-225-3641
FAX 501-225-3699

BR&C

April 12, 1993

Mr. Vince Foster, Chief Counsel
The White House
West Wing, Second Floor
1600 Pennsylvania Avenue N.W.
Washington, DC 20500

Dear Mr. Foster:

I am enclosing summary workpapers on Whitewater to document the assumed loss of $5,878.35. These include the report from Patten, McCarthy detailing their findings of an estimated investment of $68,880.07, workpapers that we had in our Whitewater file of payments made on behalf of Whitewater, deductions taken on tax returns, and lists prepared possibly by Carolyn Huber concerning the same items.

I still recommend that we do not attach any statement to the tax return concerning Whitewater other than the listing of the sale of the stock. We have a minimum basis of $500, which was the amount allocated on the corporate books as 50 percent of the capital stock. Because of the numerous problems with Whitewater records and the commingling of funds with other companies and individuals, I believe many explanations may have to be made if we claim a loss. I do not believe that we should claim a gain, because the Clintons did suffer a loss, and that should be the implication in closing the transaction. Please let me know what you decide concerning this matter so that we can finish the returns tomorrow and send them by Federal Express.

I am making the changes we discussed on the interest from the money market funds and the listing of the sales of the stocks and partnership on Schedule D.

I am also sending you again the two W-2 forms from EP Talent. I am sorry that you only received one of them.

Sincerely,

Toby Redden

Enclosures

F 003158

Bill Clinton
FOR PRESIDENT COMMITTEE

May 18, 1992

Ms. Kim L. Bright-Coleman
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: SF-278 for Presidential
Candidate William J. Clinton

Dear Ms. Bright-Coleman:

Enclosed for filing is Governor Clinton's Public Financial Disclosure Report. Please note that our prior submission dated November 1, 1991, as amended, should be considered further amended with respect to Items 2 and 4 on Schedule A, page 10, and Item 4 on Schedule C, page 15. If you have any questions or require any additional information, please contact Bruce R. Lindsey, Campaign Director.

Very truly yours,

CLINTON FOR PRESIDENT COMMITTEE

Mary Anne Sullivan
Counsel

MAS:aw

Washington, DC/Mid-Atlantic Headquarters • 1317 F Street, N.W., Suite 902 • Washington, DC 20004 • Telephone (202) 393-3323 • FAX (202) 393-
National Campaign Headquarters • P.O. Box 615 • Little Rock, Arkansas 72203 • Telephone (501) 372-1992 • FAX (501) 372-2292

Printed on Recycled Paper
Paid for by the Clinton for President Committee
Contributions to the Clinton for President Committee are not tax deductible

U.S. Office of Government Ethics

Reporting Status (Mark Appropriate Board)	☐ Incumbent	Calendar Year Covered by Report	☒ New Entrant, Nominee, or Candidate	Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)	☐ Termination Filer	Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
		N/A		10/3/91		N/A	

Reporting Individual's Name	Last Name	First Name and Middle Initial	OGE Use Only
	Clinton	William J.	

Position for Which Filing	Title of Position	Department or Agency (If Applicable)
	Presidential Candidate	N/A

Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code)	Telephone No. (Include Area Code)
	1220 West Third Street Little Rock, AR 72201	(501) 372-1992

Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held
	N/A

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	N/A	☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	William J Clinton	May 16, 1992

Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)

Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest applicable laws and regulations.		

Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reporting Official (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 2

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)								Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																		
									Type									Amount										
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Ex-employer: Control Atkinson Common																												
Ex-employer: Dow Jones & Smith, Homestown, USA																Limited Partnership Income										$130,000		
Ex-employer: Keystone Equity Fund																												
Ex-employer: Dow Jones & Smith pension plan																												
State of Arkansas																Wages and Other Compensation										49,834		
Rose Law Firm, Little Rock, AR	X															Wages from Corporation										N/A		
Worthen National Bank of Arkansas - Personal Acct, Little Rock, AR				X						X																		
Twin City Bank Certificate of Deposit, North Little Rock, AR		X								X								X										
Union National Bank of LR - Savings Certificate, Little Rock, AR			X							X								X										
Twin City Bank Savings Certificate & Savings Acct, North Little Rock, AR			X							X								X										

Previous Editions Cannot Be Used

09136 F

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 3

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 4

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 5

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | | |

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)								Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																				
									Type								Amount													
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
S Ex-spouse — Control Alabama Common																												
S Ex-spouse — Dow Jones & Smith, Hometown, USA																Ltr. Partnership										$130,000		
S Ex-spouse — Keystone Equity Fund																												
S Ex-spouse — Dow Jones & Smith pension plan																												
1 US Government Reserves Money Market 50 Fund	X																											
2 US Government Reserves Money Market 50 Fund	X												X															
DC NYNEX-Common		X							X									X										
DC Bell Atlantic-Common		X							X									X										
DC Bell South-Common		X							X									X										
S Liz Claiborne, Inc. Common			X						X								X											

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 7

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 8

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 9

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 10

| Assets and Income
BLOCK A | Valuation of Assets at close of reporting period
BLOCK B | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.
BLOCK C | | | | | | | |

Itemized list of ValuePartners I investments. Hillary Clinton has an investment in ValuePartners I (see page 7).

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
ValuePartners I
Account: VAL100
May 1, 1992

Quantity	Security	Price	Market Value	Pct. Assets	Yield
COMMON STOCK					
20,200	AERT Warrants (B)	0.62	12,625.00	0.15	0.0
82,600	AERT, Inc.	2.75	227,150.00	2.62	0.0
1,800	Allied Signal Inc	59.25	106,650.00	1.23	1.7
4,400	Armstrong World Ind	35.25	155,100.00	1.79	3.4
6,750	Belmac	11.87	80,156.25	0.93	0.0
3,500	Callaway Golf	24.00	84,000.00	0.97	0.8
14,300	Charter Golf	7.62	109,037.50	1.26	0.0
3,400	Cisco System Inc	36.87	125,375.00	1.45	0.0
15,700	Coast Savings	11.00	172,700.00	2.00	0.0
6,500	Comp U.S.A.	26.25	170,625.00	1.97	0.0
10,200	Comstronix Corp	12.87	131,325.00	1.52	0.0
9,000	Corner Peripherals	20.50	184,500.00	2.13	0.0
13,900	Consolidated Stores	14.12	196,337.50	2.27	0.0
7,200	Corning Inc	36.87	265,500.00	3.07	1.6
25,300	Craft Made	5.75	145,475.00	1.68	0.0
9,125	Dollar General	18.75	171,093.75	1.98	1.1
9,700	EZ Corp	13.00	126,100.00	1.46	0.0
20,800	Electronic Arts	22.50	468,000.00	5.41	0.0
14,000	Family Dollar	19.12	267,750.00	3.09	1.4
8,900	Fleetwood	37.37	332,637.50	3.84	2.4
9,600	Freds	16.00	153,600.00	1.77	0.0
7,800	Goal Systems	16.87	131,625.00	1.52	0.0
6,600	Goodyear Tire	71.50	471,900.00	5.45	0.6
27,200	Grancare	14.50	394,400.00	4.56	0.0
25,900	Greenwich Pharm	10.75	278,425.00	3.22	0.0
7,800	Instituform Mid Am	15.75	122,850.00	1.42	0.0
7,800	Lennar Corp	21.75	169,650.00	1.96	0.6
8,100	Merisel	10.62	86,062.50	0.99	0.0
36,449	Morgan Keegan Inc.	13.37	487,502.06	5.63	1.8
9,450	Morrison Inc.	24.50	231,525.00	2.67	2.6
7,200	Multibank Financial	11.75	84,600.00	0.98	0.0
2,600	Novell	54.00	140,400.00	1.62	0.0
14,550	Nutmeg Ind	23.00	334,650.00	3.87	0.0
72,330	PC Quote	1.37	99,725.75	1.15	0.0
7,300	Picturetel	37.00	270,100.00	3.12	0.0
8,400	Proffitts	10.00	84,000.00	0.97	0.0
6,700	Qualcom	21.25	142,375.00	1.64	0.0
12,400	REN Corp	12.62	156,550.00	1.81	0.0
4,700	Read-Rite	18.12	85,187.50	0.98	0.0
4,200	Royal Appl	44.75	187,950.00	2.17	0.0
3,600	Solectron	22.62	81,450.00	0.94	0.0
3,500	Sonic Corp	24.50	85,750.00	0.99	0.0

(continued)

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Account: VAL100
May 1, 1992



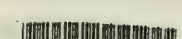
Quantity	Security	Price	Market Value	Pct. Assets	Yield
24,300	Southwest Cafes	8.25	200,475.00	2.32	0.0
6,500	Spartan Motors Inc	23.25	151,125.00	1.75	0.1
15,200	T.R.G. Inc.	5.62	85,500.00	0.99	0.0
10,200	Tech Data	17.00	173,400.00	2.00	0.0
4,400	Telph Mexico	55.12	242,550.00	2.80	0.3
7,800	USA Truck	15.25	118,950.00	1.37	0.0
1,900	United Healthcare	76.62	145,587.50	1.68	0.1
7,000	Videotelecom	12.62	88,375.00	1.02	0.0
			9,018,380.31	104.19	0.5

SHORT STOCK

-2,200	Adobe Systems	43.50	-95,700.00	-1.11
-14,400	Alco Intl	5.75	-82,800.00	-0.96
-3,200	Applied Materials	19.00	-60,800.00	-0.70
-1,400	Bell Corp	34.12	-47,775.00	-0.55
-15,300	Biogenetx Inc	2.37	-36,812.50	-0.43
-600	Bristol-Myers Squibb	74.62	-44,775.00	-0.52
-1,750	Campbell Soup	34.12	-59,718.75	-0.69
-5,000	Charter Company	7.00	-35,000.00	-0.40
-1,500	Cracker Barrel	31.75	-47,625.00	-0.55
-13,400	Cray Computer	3.50	-46,900.00	-0.54
-8,900	Cryomedical Sciences	7.75	-68,975.00	-0.80
-3,600	Diagnostic Products	27.87	-100,350.00	-1.16
-1,900	E G & G Inc.	47.00	-89,300.00	-1.03
-700	Gerber Products	62.37	-43,662.50	-0.50
-29,100	Glenfed Savings	4.37	-127,312.50	-1.47
-9,300	Grand Casino	18.12	-168,562.50	-1.95
-6,400	IMO America Inc.	16.00	-102,400.00	-1.18
-2,700	Health Pro.	10.00	-27,000.00	-0.31
-5,500	Hibernia Corp	4.62	-25,437.50	-0.29
-1,200	Household Int'l	44.62	-53,550.00	-0.62
-11,600	Kentucky Life	7.25	-84,100.00	-0.97
-2,300	Lincoln Financial	20.25	-46,575.00	-0.54
-2,700	Marvel Entertainment	25.00	-67,500.00	-0.78
-1,400	Mcdonnell-Douglas	57.12	-79,975.00	-0.92
-5,600	Medco Research	16.62	-93,100.00	-1.08
-400	Merck & Co Inc	143.75	-57,500.00	-0.66
-3,300	Molecular Biosystems	23.50	-77,550.00	-0.90
-1,100	Newell Company	41.50	-45,650.00	-0.53
-7,800	Presley Companies	12.50	-97,500.00	-1.13
-3,200	Rally's Inc	22.75	-72,800.00	-0.84
-2,400	Reebok	30.25	-72,600.00	-0.84

(continued)

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
ValuePartners I
Account: VAL120
May 1, 1992



Quantity	Security	Price	Market Value	Pct. Assets	Yield
-15,750	Royce Labs	3.75	-59,062.50	-0.68	
-4,200	SCI Int'l	8.50	-35,700.00	-0.41	
-3,300	Stolt Tanker	18.25	-60,225.00	-0.70	
-9,600	Sunrise Tech Inc	9.25	-88,800.00	-1.03	
-1,700	Wellfleet	34.50	-58,650.00	-0.68	
-12,950	York Research	5.25	-67,987.50	-0.79	
	SHORT STOCK TOTAL		-2,529,731.25	-29.23	
LISTED COMMON STOCK					
29,100	Glenfed Savings	4.37	127,212.50	1.47	0.0
3,700	Grand Casino	18.12	67,062.50	0.77	0.0
			194,275.00	2.25	0.0
MONEY MARKET FUNDS					
	Accrued CPA Fees		-3,600.00	-0.04	0.0
	Prepaid Agmt Fees		52,524.00	0.61	0.0
	SLK Govt MM		-900,876.32	-10.41	-3.6
	Union Natl Bank		1,270.98	0.01	0.0
			-850,381.34	-9.82	4.8
TOTAL PORTFOLIO			8,655,328.67	100.00	0.1

Value of Each Unit: 2,778.216
Total Number of Units: 3,115.427
Objective: Special Growth
Max in "growth": 150% Start Date: 12-31-84
Brokers: SLK Prime 230-20114-2-0-101
Union 0025094725

Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE B

New Entrant/Nominee/Candidate: Schedule Not Applicable [X]

Page Number: 14

Part I: Transactions

None [ ]

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

Part I	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo. Day. Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,000	Gain: $200
Example	Central Abilene Company	x			3/91			x					

Part II: Gifts, Reimbursements, and Travel Expenses

None [ ]

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totaling $260 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling $100 or more in value; and (3) cash reimbursements of $260 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of $75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

Part II	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Rock Collectors, NY, NY	Air fare, hotel room & meals incident to national conference 3/18/90	$600
	Nat'l Assn. of Rock Collectors, NY, NY	Transportation for rubbing president	$125

Previous Editions Cannot Be Used

F 003122

Reporting Individual's Name: William J. Clinton

SCHEDULE C

Page Number: 15

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value ($)						
						$10,000 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000
	Example: First District Bank, Washington, DC John Jones, 1111 J St., Washington, DC	Mortgage on rental property, Delaware Promissory note	1981 1988	13% 10%	15 yrs. on demand			e				
J	Perry County Bank, Perryville, AR	Promissory Note	1990	9.5%*	On Demand			X				
J	Perry County Bank, Perryville, AR	Promissory Note	1990	9.5%*	On Demand			X				
J	1st Ozark National Bank, Flippin, AR	Personal Guarantee**	1987	11%	Maturity Date 10/3/92		X					
S	First Commercial Mortgage Company, Little Rock, AR	Mortgage on Condominium, Little Rock, AR***	1987	10%	15 yrs			X				

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example:	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 12/91 and retained pension benefits (independently managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	1988
	Retained pension benefit in defined benefit plan, fully funded, administered by the Arkansas Public Employees Retirement System's Board of Trustees	Arkansas Public Employees Retirement System, Little Rock, AR	1/77

F 003173

268

F 003174

SCHEDULE C (Continued)

* Initially 12%, then extended at 10.50% and 9.50%.

** This was a personal guarantee by Governor and Mrs. Clinton of a mortgage loan to Whitewater Development Company, Inc. that was paid off in May 1992. The Clintons are 50% shareholders of Whitewater Development Company, Inc., an Arkansas real estate development corporation, which has a negative net worth.

*** The condominium was purchased as a residence for Mrs. Clinton's parents (who are part owners) and as a second residence for the Clintons. It was not purchased for investment or for the production of income. Although it is not clear from the instructions that this mortgage must be reported, we are reporting it out of an abundance of caution.

Reporting Individual's Name	SCHEDULE D	Page Number
William J. Clinton		17

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Natl Assn. of Real Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non profit educatio Law firm	President Partner	692 '85	Present 1191
1	State of Arkansas	Public Service	Governor	1779 1/83	1781 Presen
2	Lower Mississippi Delta Development Commission	Non-Profit Economic Development	Chairman	10788	5790
3	National Governors' Association Task Force on Health Care	Non-Profit	Chairman	7790	8791
4	National Association of State Boards of Education, Task Force on School Readiness	Non-Profit Education	Chairman	3791	12791
5	National Governors' Association Committee on Human Resources	Non-Profit	Member	1783	Present
6	National Governors' Association Economic Development Committee	Non-Profit	Member	7790	Present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/ Termination Filer/ Candidate: Not Applicable ☒

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Hope University (Island of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Photocopies of this Schedule May Be Used

F 003175

270

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 18

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (No., Yr.)	To (No., Yr.)
Examples	Nat'l Assn. of Bank Collectors, NY, NY Dow Jones & Co., Inc., Hometown, USA	Non-profit education Law firm	President Partner	691 685	Present 1191
1	National Governors' Association Executive Committee	Non-Profit	Member	8/86	10/91
2	National Governors' Association Finance Committee	Non-Profit	Member	8/86	8/91
3					
4					
5					
6					

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/Termination Filer/Candidate: Not Applicable [X]

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Dow Jones & Co., Inc., Hometown, USA Home University (client of Dow Jones & Co., Inc., Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

F 003176

Personal & Confidential
WJC - Form 272 5/14/93





SWIDLER & BERLIN
CHARTERED
3000 K STREET, N.W.
SUITE 300
WASHINGTON, D.C. 20007-5116
(202) 944-4300

JAMES HAMILTON
ATTORNEY-AT-LAW

DIRECT DIAL
(202) 944-4826
TELEX: 701131
TELECOPIER: (202) 944-4296

April 6, 1993

BY HAND

The Honorable Vince Foster
Deputy Assistant to the President
and Deputy Counsel
The White House
Washington, D.C.

Dear Vince:

Per your request, I enclose the following documents:

1. The SF-278 filed for Presidential Candidate Clinton on May 18, 1992;

2. His SF-278 filed on November 1, 1991, with additional filings made on November 13, 1991, January 10, 1992, and April 6, 1992; and

3. The Amended and Restated Statement of Financial Interest for then-Gover Clinton filed with the Secretary of State of Arkansas on May 15, 1992.

Please let me know how else I can be of service.

Best regards,

James Hamilton

JH/cmb

Enclosures

Bill Clinton
FOR PRESIDENT COMMITTEE

F 003180

May 18, 1992

Ms. Kim L. Bright-Coleman
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: SF-278 for Presidential
Candidate William J. Clinton

Dear Ms. Bright-Coleman:

Enclosed for filing is Governor Clinton's Public Financial Disclosure Report. Please note that our prior submission dated November 1, 1991, as amended, should be considered further amended with respect to Items 2 and 4 on Schedule A, page 10, and Item 4 on Schedule C, page 15. If you have any questions or require any additional information, please contact Bruce R. Lindsey, Campaign Director.

Very truly yours,

CLINTON FOR PRESIDENT COMMITTEE

Mary Anne Sullivan
Counsel

MAS:aw

Washington, DC/Mid-Atlantic Headquarters • 1317 F Street, NW Suite 902 • [illegible] DC 20004 • Telephone (202) 393-3323 • FAX (202) [illegible]
National Campaign Headquarters • PO Box 615 • Little Rock [illegible] • Telephone 501 372-1992 • FAX 501 [illegible]

Reporting Status (Check Appropriate Block)	☐ Incumbent	Calendar Year Covered by Report: N/A	☒ New Entrant, Nominee or Candidate	Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year): 10/3/91	☐ Termination Filer	Termination Date (If Applicable) (Month, Day, Year): N/A	Agency Use Only

Reporting Individual's Name	Last Name: Clinton	First Name and Middle Initial: William J.	OGE Use Only
Position for Which Filing	Title of Position: President(ial) Candidate	Department or Agency (If Applicable): N/A	
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 1220 West Third Street Little Rock, AR 72201	Telephone No. (Include Area Code): (501) 372-1992	
Position(s) Held with the Federal Government During the Preceding 12 Months (If Same as Above)	Title of Position(s) and Date(s) Held: N/A		
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: N/A	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☐ No	

Certification	Signature of Reporting Individual: William J Clinton	Date (Month, Day, Year): May 16, 1992
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.		
Other Review (If desired by agency)	Signature of Other Reviewer:	Date (Month, Day, Year):
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official:	Date (Month, Day, Year):
The information contained in this report discloses no conflict of interest under applicable laws and regulations.		
Office of Government Ethics Use Only	Signature:	Date (Month, Day, Year):

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

☐ (Check box if comments are continued on the reverse side)

Previous Edition Is Usable

SF 278

NSN 7540-01-148-8747

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A - The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B - Not applicable.

Schedule C, Part I (Liabilities) - The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements) - Show any agreements or arrangements as of the date of filing.

Schedule D - The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

275

F 003181

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 2

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																				
								Type								Amount												
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Co-owned: Central Arkansas Common																												
IRA: Dow Jones & Smith, Hometown, USA																											$130,000	
Keystone Equity Fund																												
Dow Jones & Smith pension plan																												
State of Arkansas																Wages and Other Compensation											49,834	
S Rose Law Firm Little Rock, AR	X															Wages from Corporation											N/A	
J Worthen National Bank of Arkansas - Personal Acct Little Rock, AR				X					X																			
S Twin City Bank Certificate of Deposit North Little Rock, AR			X						X										X									
J Union National Bank of LR - Savings Certificate Little Rock, AR			X						X										X									
DC Twin City Bank Savings Certificate & Savings Acct. North Little Rock, AR			X						X										X									

Persons Identified Cannot Be Used

276

F 003182

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 3

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 4

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 5

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		6

Assets and Income BLOCK A Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	Valuation of Assets at close of reporting period BLOCK B None (or less than $1,001) · $1,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $250,000 · $250,001 - $500,000 · $500,001 - $1,000,000 · Over $1,000,000	Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. BLOCK C Type: Dividends · Rent and Royalties · Interest · Capital Gains · Exempt-Interest Mutual Fund · Exempt Trust · Qualified Trust · Other (Specify Type) Amount: None (or less than $201) · $201 - $1,000 · $1,001 - $2,500 · $2,501 - $5,000 · $5,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $1,000,000 · Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
J Ex-spouse: Central Advisers Common				
J Ex-spouse: Dow Jones & Smith, Hometown, USA				$130,000
J Ex-spouse: Kempiana Equity Fund				
J Ex-spouse: Dow Jones & Smith pension plan				
1 US Government Reserves Money Market 50 Fund	X		X	
2 S US Government Reserves Money Market 50 Fund	X		X	
3 DC NYNEX-Common		X	X	X
4 DC Bell Atlantic-Common		X	X	X
5 DC Bell South-Common		X	X	X
6 S Liz Claiborne, Inc. Common		X	X	X

Previous Editions Cannot Be Used

280

F 003186

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 7

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)														
								Type							Amount							
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Rents and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
1. Ex-spouse: General Abilities Common																										
2. Ex-spouse: Dow Jones & Smith, Hometown, USA															Ltr. Partnership Income										$130,000	
3. Ex-spouse: Kemptone Equity Fund																										
4. Ex-spouse: Dow Jones & Smith pension plan																										
1 AR Public Employees Retirement System (Employee Contributions)		X																								
2 S Rose Law Firm Profit Sharing Plan				X					X																	
3 Northwestern Mutual Life Insurance Cash Value		X														X										
4 S Northwestern Mutual Life Insurance Cash Value		X														X										
5 S Rose Building Ltd.Ptrshp Little Rock, AR		X							X								X									
6 S Value Partners I Ltd. ** Ptrshp.-.93% Ownership-Investment Ptrshp. LR,AR				X					X		X	X				D		I CC								

Purchase Options Cannot Be Used

** See attached schedule for itemized list of partnership investments

281

F 003187

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 8

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

William J. Clinton

SCHEDULE A

Page Number 9

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

William J. Clinton

SCHEDULE A

Page Number 10

Assets and Income (Block A)	Valuation of Assets at close of reporting period (Block B)								Income type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (Block C)																Actual Amount Only If "Other" specified	Date (Mo., Day, Yr.) Only If Honoraria
									Type										Amount								
	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rents and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000		
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐																										
Ex-spouse: Central Advisors Common				•					•						•											
Ex-spouse: The Jones & Reith, Hometown, USA			•													Ltd Partnership Income									$139,000	
Ex-spouse: Kompetence Equity Fund					•								•							•						
Ex-spouse: Jones & Reith pension plan													•													
Rollins College Winter Park, FL																Honorarium									1,500	8/12/91
Delta State University Foundation, Inc. Cleveland, MS																Honorarium									2,000	10/15/91
American Vocational Association Alexandria, VA																Honorarium									500	12/7/91
Southern Development *** Bancorporation - Common		X															X									
Fidelity US Government Reserve Fund		X											X				X									

*** These shares are reported in the interest of full disclosure even though they have no market value. They are director-qualifying shares having a par value in the range indicated but no real value because they cannot be sold or otherwise transferred to a third party.

F 003190

ATTACHMENT TO SCHEDULE A
Itemized list of ValuePartners I investments. Hillary Clinton has an investment in ValuePartners I (see page 7).

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Account: VAL100
May 1, 1992



Quantity	Security	Price	Market Value	Pct. Assets	Yield
COMMON STOCK					
20,200	AERT Warrants (B)	0.62	12,625.00	0.15	0.0
82,600	AERT, Inc.	2.75	227,150.00	2.62	0.0
1,800	Allied Signal Inc	59.25	106,650.00	1.23	1.7
4,400	Armstrong World Ind	35.25	155,100.00	1.79	3.4
6,750	Belmac	11.87	80,156.25	0.93	0.0
3,500	Calloway Golf	24.00	84,000.00	0.97	0.0
14,300	Charter Golf	7.62	109,037.50	1.26	0.0
3,400	Cisco System Inc	36.87	125,375.00	1.45	0.0
15,700	Coast Savings	11.00	172,700.00	2.00	0.0
6,500	Comp U.S.A.	26.25	170,625.00	1.97	0.0
10,200	Comptronix Corp	12.87	131,325.00	1.52	0.0
9,000	Conner Peripherals	20.50	184,500.00	2.13	0.0
13,900	Consolidated Stores	14.12	196,337.50	2.27	0.0
7,200	Corning Inc	36.87	265,500.00	3.07	1.6
25,300	Craft Made	5.75	145,475.00	1.68	0.0
9,125	Dollar General	18.75	171,093.75	1.98	1.1
9,700	EZ Corp	13.00	126,100.00	1.46	0.0
20,800	Electronic Arts	22.50	468,000.00	5.41	0.0
14,000	Family Dollar	19.12	267,750.00	3.09	1.6
8,900	Fleetwood	37.37	332,637.50	3.84	2.4
9,600	Freds	16.00	153,600.00	1.77	0.0
7,800	Gsni Systems	16.87	131,625.00	1.52	0.0
6,600	Goodyear Tire	71.50	471,900.00	5.45	0.6
27,200	Grancare	14.50	394,400.00	4.56	0.0
25,900	Greenwich Pharm	10.75	278,425.00	3.22	0.0
7,800	Insituform Mid Am	15.75	122,850.00	1.42	0.0
7,800	Lennar Corp	21.75	169,650.00	1.96	0.6
8,100	Merisel	10.62	86,062.50	0.99	0.0
36,449	Morgan Keegan Inc.	13.37	487,502.06	5.63	1.8
9,450	Morrison Inc.	24.50	231,525.00	2.67	2.6
7,200	Multibank Financial	11.75	84,600.00	0.98	0.0
2,600	Novell	54.00	140,400.00	1.62	0.0
14,550	Nutmeg Ind	23.00	334,650.00	3.87	0.0
72,330	PC Quote	1.37	99,725.75	1.15	0.0
7,300	Picturetel	37.00	270,100.00	3.12	0.0
8,400	Proffitts	10.00	84,000.00	0.97	0.0
6,700	Qualcom	21.25	142,375.00	1.64	0.0
12,400	REX Corp	12.62	156,550.00	1.81	0.0
4,700	Read-Rite	18.12	85,187.50	0.98	0.0
4,200	Royal Appl	44.75	187,950.00	2.17	0.0
3,600	Solectron	22.62	81,450.00	0.94	0.0
3,500	Sonic Corp	24.50	85,750.00	0.99	0.0

ATTACHMENT TO SCHEDULE A

(continued)

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Account: VAL100
May 1, 1992

F 003192

Quantity	Security	Price	Market Value	Pct. Assets	Yield
24,300	Southwest Cafes	8.25	200,475.00	2.32	0.0
6,500	Spartan Motors Inc	23.25	151,125.00	1.75	0.1
15,200	T.R.G. Inc.	5.62	85,500.00	0.99	0.0
10,200	Tech Data	17.00	173,400.00	2.00	0.0
4,400	Telph Mexico	55.12	242,550.00	2.80	0.3
7,800	USA Truck	15.25	118,950.00	1.37	0.0
1,900	United Healthcare	76.62	145,587.50	1.68	0.1
7,000	Videotelecom	12.62	88,375.00	1.02	0.0
			9,018,380.31	104.19	0.3

SHORT STOCK

-2,200	Adobe Systems	43.50	-95,700.00	-1.11
-14,400	Alco Intl	5.75	-82,800.00	-0.96
-3,200	Applied Materials	19.00	-60,800.00	-0.70
-1,400	Ball Corp	34.12	-47,775.00	-0.55
-15,300	Bioplasty Inc	2.37	-36,812.50	-0.43
-600	Bristol-Myers Squibb	74.62	-44,775.00	-0.52
-1,750	Campbell Soup	34.12	-59,718.75	-0.69
-5,000	Charter Company	7.00	-35,000.00	-0.40
-1,300	Cracker Barrel	31.75	-47,625.00	-0.55
-13,400	Grey Computer	3.50	-46,900.00	-0.54
-8,900	Cryomedical Sciences	7.75	-68,975.00	-0.80
-3,600	Diagnostic Products	27.87	-100,350.00	-1.16
-1,900	E G & G Inc.	47.00	-89,300.00	-1.03
-700	Gerber Products	62.37	-43,662.50	-0.50
-29,100	Glenfed Savings	4.37	-127,312.50	-1.47
-9,300	Grand Casino	18.12	-168,562.50	-1.95
-6,400	IMO America Inc.	16.00	-102,400.00	-1.18
-2,700	Health Pro.	10.00	-27,000.00	-0.31
-5,500	Hibernia Corp	4.62	-25,437.50	-0.29
-1,200	Household Int'l	44.62	-53,550.00	-0.62
-11,600	Kentucky Life	7.25	-84,100.00	-0.97
-2,300	Lincoln Financial	20.25	-46,575.00	-0.54
-2,700	Marvel Entertainment	25.00	-67,500.00	-0.78
-1,400	McDonnell-Douglas	57.12	-79,975.00	-0.92
-5,600	Medco Research	16.62	-93,100.00	-1.08
-400	Merck & Co Inc	143.75	-57,500.00	-0.66
-3,300	Molecular Biosystems	23.50	-77,550.00	-0.90
-1,100	Newell Company	41.50	-45,650.00	-0.53
-7,800	Presley Companies	12.50	-97,500.00	-1.13
-3,200	Rally's Inc	22.75	-72,800.00	-0.84
-2,400	Reebok	30.25	-72,600.00	-0.84

ATTACHMENT TO SCHEDULE A

(continued)

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Account: VAL12B
May 1, 1992

F 003193

Quantity	Security	Price	Market Value	Pct. Assets	Yield
-15,750	Boyce Labs	3.75	-59,062.50	-0.68	
-4,200	SCI Int'l	8.50	-35,700.00	-0.41	
-3,300	Stolt Tanker	18.25	-60,225.00	-0.70	
-9,500	Sunrise Tech Inc	9.25	-48,850.00	-1.03	
-1,700	Vellfleet	34.50	-58,650.00	-0.68	
-12,950	Yort Research	5.25	-67,987.50	-0.79	
	SHORT STOCK TOTAL		-2,329,731.25	-29.25	
BOXED COMMON STOCK					
29,100	Glenfed Savings	4.37	127,312.50	1.47	0.0
3,750	Grand Casino	18.12	67,062.50	0.77	0.0
			194,375.00	2.25	0.0
MONEY MARKET FUNDS					
	Accrued CPA Fees		-3,600.00	-0.04	0.0
	Prepaid Agmt Fees		52,524.00	0.61	0.0
	SLK Govt MM		-900,876.32	-10.41	-3.8
	Union Nat'l Bank		1,270.98	0.01	0.0
			-850,381.34	-9.82	4.0
TOTAL PORTFOLIO		7	8,633,328.47	100.00	0.1

Value of Each Unit: 2,778.216
Total Number of Units: 3,115.427
Objective: Special Growth
Max in "growth": 150% Start Date: 12-31-84
Brokers: SLK Prime Z50-20114-2-0-101
Union 0233094725

Reporting Individual's Name: William J. Clinton

SCHEDULE B

New Entrant/Nominee/Candidate: Schedule Not Applicable [X]

Page Number: 14

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

ID No.	Identification of Asset	Transaction Type (s): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (s): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	over $1,000,000	Certificate of Divestiture
Example	Central Alsives Common	x			2/91			x					
1													
2													
3													
4													
5													

Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totalling $260 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totalling $100 or more in value; and (3) cash reimbursements of $260 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of $75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

None ☐

ID No.	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 9/15/90	$600
	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1			
2			
3			
4			
5			

Previous Editions Cannot Be Used

288

F 003194

Reporting Individual's Name: William J. Clinton

SCHEDULE C

Page Number: 15

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

Example	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value ($) $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000
	First District Bank, Washington, DC John Jones, 1111 St., Washington, DC	Mortgage on rental property, Delaware Promissory note	1981 1989	15% 10%	25 yrs on demand			a				
1	Perry County Bank, Perryville, AR	Promissory Note	1990	9.5% A	On Demand			X				
2	Perry County Bank, Perryville, AR	Promissory Note	1990	9.5% A	On Demand			X				
3	1st Ozark National Bank, Flippin, AR	Personal Guarantee AA	1987	11%	Maturity Date 10/3/9?		X					
4	First Commercial Mortgage Company, Little Rock, AR	Mortgage on Condominium, Little Rock, AR AAA	1987	10%	15 yrs			X				
5												

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

Example	Status and Terms of any Agreement or Arrangement	Parties	Date
	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1991 and retained pension benefits (independently managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	1/95
1	Retained pension benefit in defined benefit plan, fully funded, administered by the Arkansas Public Employees Retirement System's Board of Trustees	Arkansas Public Employees Retirement System, Little Rock, AR	1/77
2			
3			
4			
5			

289

F 003195



SCHEDULE C (Continued)

* Initially 12%, then extended at 10.50% and 9.50%.

** This was a personal guarantee by Governor and Mrs. Clinton of a mortgage loan to Whitewater Development Company, Inc. that was paid off in May 1992. The Clintons are 50% shareholders of Whitewater Development Company, Inc., an Arkansas real estate development corporation, which has a negative net worth.

*** The condominium was purchased as a residence for Mrs. Clinton's parents (who are part owners) and as a second residence for the Clintons. It was not purchased for investment or for the production of income. Although it is not clear from the instructions that this mortgage must be reported, we are reporting it out of an abundance of caution.

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 17

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

Exemption	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
	Holt Assoc. of Rock Collectors, NY, NY Cox Jones & Smith, Hometown, USA	Non-profit education Law firm	President Partner	69 '85	Present 1991
1	State of Arkansas	Public Service	Governor	1779 1/83	1781 Presen
1	Lower Mississippi Delta Development Commission	Non-Profit Economic Development	Chairman	10/88	5/90
1	National Governors' Association Task Force on Health Care	Non-Profit	Chairman	7/90	8/91
1	National Association of State Boards of Education, Task Force on School Readiness	Non-Profit Education	Chairman	3/91	12/91
1	National Governors' Association Committee on Human Resources	Non-Profit	Member	1783	Presen
1	National Governors' Association Economic Development Committee	Non-Profit	Member	7/90	Presen

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/ Termination Filer/ Candidate: Not Applicable ☒

None ☐

Exemption	Source (Name and Address)	Brief Description of Duties
1	Cox Jones & Smith, Hometown, USA Home University School of the Cox Jones & Smith, Hometown, USA	Legal services Legal services in connection with university construction
1		
1		
1		
1		
1		

291

F 003197

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 18

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Real Estate Editors, NY, NY Doe Jones & Smith, Hometown, USA	Non-profit education Law Firm	President Partner	6/91 1/85	Present 11/91
1	National Governors' Association Executive Committee	Non-Profit	Member	8/86	10/91
2	National Governors' Association Finance Committee	Non-Profit	Member	8/86	8/91
3					
4					
5					
6					

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/Termination Filer/Candidate: Not Applicable ☒

None ☐

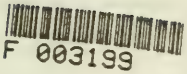
	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Stone University (client of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Personal Addresses Cannot Be Used

292

F 003198

CLINTON
FOR
PRESIDENT
COMMITTEE



November 1, 1991

Ms. Kim Bright-Coleman
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

Dear Ms. Bright-Coleman:

We enclose, for filing, Governor Clinton's Public Financial Disclosure Report. If you have any questions or if additional information is needed, please let me know.

Cordially yours,

Bruce R. Lindsey
Campaign Director

SF 278 (Rev. 4/91)
5 CFR Part 2634
5 U.S. Office of Government Ethics

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
OMB No. 3209-0006

Reporting Status (Check Appropriate Boxes)	☐ Incumbent	Calendar Year Covered by Report	☒ New Entrant, Nominee, or Candidate	Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)	☐ Termination Filer	Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
		N/A		10/3/91			

Reporting Individual's Name	Last Name	First Name and Middle Initial	OGE Use Only
	Clinton	William J.	

Position for Which Filing	Title of Position	Department or Agency (If Applicable)
	Presidential Candidate	N/A

Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code)	Telephone No. (Include Area Code)
	917 West 7th Little Rock, Arkansas 72202	(501) 372-1992

Positions Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held
	N/A

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	N/A	☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief	William J. Clinton	11-1-91
Other Review (If directed by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations		
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A - The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B - Not applicable.

Schedule C, Part I (Liabilities) - The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements) - Show any agreements or arrangements as of the date of filing.

Schedule D - The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

294

F 003200

SF 278 (Rev. 6/91)
5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 2

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)									Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																	
										Type									Amount								
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Central Arkansas Common				X					X										X								
Fa- ample The Jones & Smith Homebuilders USA			X													Tax Deferrable Income										$130,000	
Kemptone Equity Fund					X								X								X						
The Jones & Smith pension plan							X						X				X										
State of Arkansas																Wages and Other Compensation										92,178	
Rose Law Firm Little Rock, AR	X															Wages from Corporation										N/A	
Arkansas State General Obligation College Savings Bonds			X								X						X										
Arkansas Development Finance & Local Government Bonds		X									X						X										
Beaver Water District Benton & Washington Counties AR Bonds		X									X						X										
Union National Bank of LR - Savings Certificate Little Rock, AR			X								X								X								

F 003201

SF 278 (Rev. 1-91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 3

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)												
								Type						Amount						
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Capital Gains	Interest (and Investment Income)	Exempt Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount (Only if "Other" specified)	Date (Mo., Day, Yr.) (Only if Honoraria)
S Ex-spouse — Central Airlines Common																									
Dow Jones & Smith, Homestown, USA																								$130,000	
Kemptons Equity Fund																									
Dow Jones & Smith pension plan																									
Worthen National Bank of Arkansas - Personal Acct Little Rock, AR				X																					
J Twin City Bank Personal Account S North Little Rock, AR			X							X								X						
Value Partners I Ltd. Ptrshp.-.8% Ownership- S Investment Ptrshp. LR,AR				X					X		X	X				D		C	I					
Rose Building Ltd.Ptrshp S Little Rock, AR		X								X	X					I			R					
Forest Drilling Programs Partnership S Denver, Colorado	X									X							X							
AR Public Employees Retirement System (Employee Contributions)		X												N/A	X									

296

F 003202

F 003203

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 4

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																				Date (Mo., Day, Yr.) Only if Honoraria
								Type											Amount											
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	
SP — Ex-spouse: General Motors Common																													
DC — Dow Jones & Smith, Homestore, USA																													
Kemptons Equity Fund																Tax Deferred Income										$130,000		
Dow Jones & Smith pension plan																													
Children's Television Workshop New York, New York																Director's Fees										N/A		
S — Lafarge Corporation Reston, Virginia																Director's Fees										N/A		
S — National Newspaper Association Washington, DC																Honorarium										387	10/24/90
S — Randolph Macon Woman's College Lynchburg, Virginia																Honorarium										1,000	8/31/90
S — L. A. W. Banquet Nashville, Tennessee																Honorarium										1,500	5/25/90
S — Democratic Women of Wake County Raleigh, NC																Honorarium										1,500	4/29/90

SF 278 (Rev. 6-91)
5 CFR Part 2634
U.S. Office of Government Ethics

F 003204

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 5

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

F 003205

Reporting Individual's Name: William J. Clinton

SCHEDULE A

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

F 003206

SF 278 (Rev. 6/94)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

F 003207

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		8

| Assets and Income
BLOCK A | Valuation of Assets at close of reporting period
BLOCK B | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.
BLOCK C | | |

SF 278 (Rev. 4/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Assets and Income BLOCK A Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	Valuation of Assets at close of reporting period BLOCK B None (or less than $1,001) · $1,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $250,000 · $250,001 - $500,000 · $500,001 - $1,000,000 · Over $1,000,000	Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. BLOCK C Type: Dividends · Rent and Royalties · Interest · Capital Gains · Tax-Exempt Investment Interest · Excepted Trust · Qualified Trust · Other (Specify Type) Amount: None (or less than $201) · $201 - $1,000 · $1,001 - $2,500 · $2,501 - $5,000 · $5,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $1,000,000 · Over $1,000,000 · Actual Amount (Only if "Other" specified) · Date (Mo., Day, Yr.) (Only if Honoraria)
Co-owned: Central Ab Nov Common		Tax Deferrable Income — $120,000
Co-owned: Dow Jones & Smith, Hometown, USA		
Co-owned: Kemptons Equity Fund		
Co-owned: Dow Jones & Smith pension plan		
North Little Rock Murray Lock and Dam Bond	X	X
Courtland Municipal Money Market Fund	X	X
Liz Claiborne, Inc. Common	X	X
TCBY Enterprises, Inc. - Common	X	X — Director's Fees — D — N/A
Wal-Mart Stores, Inc. - Common	X	X — Director's Fees — D — N/A
GT Pacific Growth Fund	X	X — C, D

302

SF 278 (Rev. 4/91)
5 CFR Part 2634
U.S. Office of Government Ethics

F 003209

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 10

Assets and Income BLOCK A Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	Valuation of Assets at close of reporting period BLOCK B None (or less than $1,001) · $1,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $250,000 · $250,001 - $500,000 · $500,001 - $1,000,000 · Over $1,000,000	Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. BLOCK C Type: Dividends · Rent and Royalties · Interest · Capital Gains · Excepted Investment Fund · Excepted Trust · Qualified Trust · Other (Specify Type) Amount: None (or less than $201) · $201 - $1,000 · $1,001 - $2,500 · $2,501 - $5,000 · $5,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $1,000,000 · Over $1,000,000 · Actual Amount (Only if "Other" specified)	Date (Mo., Day, Yr.) (Only if Honoraria)
Central Abbey Common			
Dun Jones & Smith, Hometown, USA			
Employee Equity Fund			$139,978
Dun Jones & Smith pension plan			
Northwestern Mutual Life Life Insurance - Cash Value	X	X	
Northwestern Mutual Life Life Insurance - Cash Value	X	X	

SF 278 (Rev. 7/91)
5 U.S.C. App. 201
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE B	Page Number
William J. Clinton	New Entrant/Nominee/Candidate: Schedule Not Applicable [X]	11

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

	Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)							Certificate of divestiture
		Purchase	Sale	Exchange		$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	over $1,000,000	
Example	Central Aubrey Common	x			3/1/91			x					
1													
2													
3													
4													
5													

Part II: Gifts, Reimbursements, and Travel Expenses

None ☐

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totaling $250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more from one source. Exclude gifts, reimbursements and travel expenses from the US Government. Also exclude gifts from relatives, gifts of $75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Black Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/90	$700
	Nat'l Assn. of Black Collectors, NY, NY	Leather briefcase for retiring president	$125
1			
2			
3			
4			
5			

304

F 002210

Reporting Individual's Name	SCHEDULE D	Page Number
William J. Clinton		14

Part I: Positions Held Outside U.S. Government - Continued

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Mutt Assn. of Park Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non profit education Law firm	President Partner	6/81 1/85	Present 10/91
1	National Governor's Association Executive Committee	Non-Profit	Member	8/86	10/91
2	National Governor's Association Finance Committee	Non-Profit	Member	8/86	8/91
3					
4					
5					
6					

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/ Termination Filer/ Candidate: Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Home University (client of Doe Jones & Smith, Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

F 003260

Reporting Individual's Name: William J. Clinton

SCHEDULE C

Page Number: 12

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [X]

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)							
						$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000
Example	First National Bank Washington DC	Mortgage on rental property, Deluxe	1981	13%	25 yrs			X				
	John Doe 123 1St, Washington DC	Promissory note	1989	10%	on demand					X		

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on services performed through 12/31 and retained pension benefits (undiscounted), managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	199
	Retained pension benefit in defined benefit plan, fully funded, administered by the Arkansas Public Employees Retirement System's Board of Trustees.	Arkansas Public Employees Retirement System, Little Rock, AR	1/77

F 003211

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 13

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Black Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non-profit education Law firm	President Partner	6/82 7/85	Present 11/91
1	State of Arkansas	Public Service	Governor	1/79 1/83	1/81 Present
2	Lower Mississippi Delta Development Commission	Non-Profit Economic Development	Chairman	10/88	5/90
3	National Governor's Association Task Force on Health Care	Non-Profit	Chairman	7/90	8/91
4	National Assn.of State Boards of Education Task Force on School Readiness	Non-Profit Education	Chairman	3/91	Present
5	National Governor's Association Committee on Human Resources	Non-Profit	Member	1/83	Present
6	National Governor's Association Economic Development Committee	Non-Profit	Member	7/90	Present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/ Termination Filer/ Candidate: Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Notre Dame Univ. (client of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		

F 003212

[illegible] 278 (Rev. 6/91)
[illegible] Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
William J. Clinton		14

Part I: Positions Held Outside U.S. Government - Continued

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn of Rock Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non profit education Law firm	President Partner	8/82 1/85	Present 11/91
X 7	National Governor's Association Executive Committee	Non-Profit	Member	8/86	10/91
X 8	National Governor's Association Finance Committee	Non-Profit	Member	8/86	8/91
9					
10					
11					
12					

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent / Termination Filer / Candidate: Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Metro University (client of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		

308

[illegible] F 003213

CLINTON FOR PRESIDENT COMMITTEE

F 003214

VIA FACSIMILE

November 13, 1991

Mr. Sid Smith
Office of Government Ethics
1201 New York Avenue
Washington, DC 20005

Dear Mr. Smith:

As requested, I enclose the list of underlying assets of Value Partners I Limited Partnership, which is listed on page 3 of Governor Clinton's Public Financial Disclosure Report.

If you have additional questions or need additional information, please let me know.

Cordially yours,

Bruce R. Lindsey
Campaign Director

BRL:mp
Enclosures

PO Box 615 • Little Rock, Arkansas 72203
Telephone (501) 372 1992 • FAX (501) 372 2292

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Acct: val100
As of: 10-31-91

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
COMMON STOCK							
18,000	AERT, Inc. Warrants	0.60	10,849.00	1.03	18,562.50	0.2	0.0
49,000	AERTA, Inc.	1.93	94,345.00	2.66	130,156.25	1.3	0.0
10,900	AR Freightways	28.52	310,875.00	37.75	411,475.00	4.6	0.0
6,800	Amtech	21.50	146,200.00	25.75	175,100.00	2.0	0.0
18,300	BE Avionics	13.37	244,750.00	13.00	237,900.00	2.7	0.0
7,200	BHC Software	46.31	333,575.00	58.62	422,100.00	4.7	0.0
9,650	Belmac	15.82	152,644.85	14.87	143,543.75	1.6	0.0
3,850	Cabletron Systems	49.97	192,403.75	46.37	178,543.75	2.0	0.0
13,000	Cambex Corp	11.12	144,562.50	23.25	302,250.00	3.4	0.0
8,550	Cisco System Inc	28.39	242,775.00	48.62	415,743.75	4.7	0.0
26,500	Comptronix Corp	8.51	225,525.00	9.25	245,125.00	2.7	0.0
17,700	Dollar General	16.70	295,562.50	21.31	377,231.25	4.2	0.0
9,700	EZ Corp	9.75	94,575.00	14.00	135,800.00	1.5	0.0
8,800	Electronic Arts	29.38	258,540.80	32.31	284,350.00	3.2	0.0
4,800	Family Dollar	28.58	137,179.20	27.87	133,800.00	1.5	1.6
20,550	Fifty-Off Stores	9.73	199,907.92	21.87	449,531.25	5.0	0.0
11,500	Grancare	10.23	117,875.00	10.25	117,875.00	1.3	0.0
4,400	Heartland Express	24.60	108,240.00	39.50	173,800.00	1.9	0.0
10,200	LXE, Inc	13.52	137,875.00	20.50	209,100.00	2.3	0.0
15,300	Mobil Telecom	8.50	130,050.00	10.56	161,606.25	1.8	0.0
34,932	Morgan Keegan Inc.	9.64	336,620.00	16.12	563,283.92	6.3	0.0
9,600	Novacare	14.40	138,230.00	24.25	232,800.00	2.6	0.0
6,100	Novell	38.46	234,633.75	51.62	314,912.50	3.5	0.0
6,000	Nutmeg Ind	17.72	106,344.00	18.00	108,000.00	1.2	0.0
94,600	PC Quote	0.76	72,327.00	0.94	88,687.50	1.0	0.0
24,400	Phillips-Van Heusen	13.16	321,081.50	17.37	423,950.00	4.8	0.0
10,700	Picturetel	29.30	313,331.25	41.25	441,375.00	4.9	0.0
3,400	Reader's Digest	29.25	99,450.00	40.87	138,975.00	1.6	1.5
9,700	Republic Gypsum	3.60	34,920.00	3.37	32,737.50	0.4	0.0
5,100	Sensormatic Elec	23.00	117,300.00	26.50	135,150.00	1.5	0.
4,300	Showbiz Pizza	30.62	131,687.50	29.62	127,387.50	1.4	0.
8,000	Sonic Corp	20.98	167,850.00	22.75	182,000.00	2.0	0.
6,600	Symbol Tech	20.36	134,376.00	26.12	172,425.00	1.9	0.
7,600	TZ Medical Inc	24.33	184,914.00	36.00	273,600.00	3.1	0.
7,100	Telefonos De Mexico	28.37	202,837.50	43.00	305,300.00	3.4	0.
11,900	Thomas Nelson	11.53	137,262.50	16.94	201,556.25	2.3	0.
15,500	Uni Lab	9.78	151,637.50	9.81	152,093.75	1.7	0.
6,100	United Healthcare	47.93	292,344.40	64.00	390,400.00	4.4	0.
9,900	Value Merchants Inc	33.99	336,550.00	35.62	352,687.50	4.0	0.
			7,092,243.42		9,360,917.17	104.9	0.

F 003216

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Acct: val100
As of: 10-31-91

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
SHORT STOCK							
-4,700	Black & Decker	13.62	-64,033.34	16.87	-79,312.50	-0.2	
-2,300	Broad Inc.	10.40	-23,919.19	18.00	-41,400.00	-0.2	
-5,000	Compaq	27.99	-139,947.81	28.37	-141,875.00	0.0	
-6,800	Dell Computers	29.20	-198,570.00	24.87	-169,150.00	0.3	
-12,700	Egghead Inc.	14.43	-183,257.30	21.25	-269,875.00	-1.0	
-17,900	Great Lakes Bank	10.41	-186,425.00	9.00	-161,100.00	0.3	
-6,600	HMO America Inc.	13.19	-87,040.00	12.94	-85,387.50	0.0	
-3,300	Intelligent Elec Inc	21.30	-70,950.00	20.75	-68,475.00	0.0	
-11,000	Kaufman & Broad Home	12.40	-136,395.41	12.87	-141,625.00	-0.1	
-2,000	McDonnell-Douglas	66.12	-132,243.58	70.37	-140,750.00	-0.1	
-7,600	Qerdek Off Sys	15.27	-116,075.00	18.25	-138,700.00	-0.3	
-10,400	Quantum Corp	10.87	-113,100.00	9.81	-102,030.00	0.1	
-4,900	Stone Container	19.48	-95,448.56	22.75	-111,475.00	-0.2	
-6,000	Tiffany & Co	44.76	-268,587.53	44.87	-269,250.00	0.0	
-9,400	Travelers Corp	18.52	-174,129.16	20.56	-193,287.50	-0.2	
-16,200	VideoCart	10.87	-176,023.00	10.87	-176,175.00	0.0	
	SHORT STOCK TOTAL		-2,166,131.11		-2,289,887.50		
	ADDED TO GRAND TOTAL		0.00		-123,736.39	-1.4	
MONEY MARKET FUNDS							
	Accrued CPA Fees		-7,000.00		-7,000.00	-0.1	0.0
	Donaldson Lufkin Mgm		0.00		0.00	0.0	8.0
	Prepaid CPA Fees		1,412.50		1,412.50	0.0	0.0
	Prepaid Mgmt Fees		44,160.75		44,160.75	0.5	0.0
	SLH Govt MM		-360,682.32		-360,682.82	-4.0	-3.7
	SLH MM: WA		0.00		0.00	0.0	0.0
	Union Natl Bank		5,578.58		5,578.58	0.1	0.0
			-316,531.00		-316,531.00	-3.5	6.5

SMITH CAPITAL MANAGEMENT, INC.
PORTFOLIO APPRAISAL
Valuepartners I
Acct: val100
As of: 10-31-91

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
TOTAL PORTFOLIO			6,773,712.42		8,920,649.78	100.0	-0.2

Value of Each Unit: 2,673.399
Total Number of Units: 3,336.819
Right Pct. = 713,632
OBJ: Special Growth
Tax %: 28
Start Date: 12-31-84
Brokers: SLH Prime 230-20114-2-0-101
Union 0088094725

F 003218

LAW OFFICES

ROSS & HARDIES

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

888 SIXTEENTH STREET, N.W.

WASHINGTON, D.C. 20006-4103

202-296-8600

TELECOPIER
202-296-8731
TELEX
27795 44

150 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601-7567
312-558-1000

520 FIFTH AVENUE
NEW YORK, NEW YORK 10036-5000
212-840-7070

600 HOWARD AVENUE
ENGLEWOOD, NEW JERSEY 07631
201-567-0700

January 10, 1992

Ms. Kim Bright-Coleman
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

92 JAN 10 AM 11:33

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Re: Amended SF-278 For Presidential Candidate
William J. Clinton

Dear Ms. Bright-Coleman:

Enclosed for filing is an amendment to Schedule C of form SF-278, the Public Financial Disclosure Report, previously submitted by Presidential Candidate William J. Clinton.

The amendment reports two bank loans that were omitted from the original filing. Although Governor and Mrs. Clinton were the borrowers, the lending institution disbursed the proceeds directly to Governor Clinton's 1990 gubernatorial campaign committee and the committee is responsible for their repayment.

Respectfully submitted,

David Ifshin/mw

David Ifshin
General Counsel, Clinton for
President Committee

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT (Amended)

Reporting Status		Calendar Year Covered (for Report)		Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)		Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
(Check Appropriate Boxes)	☐ Incumbent		☒ New Entrant, Nominee, or Candidate	10/3/91	☐ Termination		

Reporting Individual's Name	Last Name	First Name and Middle Initial	OGE Use Only
	Clinton	William J.	

Position for Which Filing	Title of Position	Department or Agency (If Any Exists)
	Presidential Candidate	N/A

Location of Present Office (or Forwarding Address)	Address (Number, Street, City, State, and ZIP Code)	Telephone No. (Include Area Code)
	917 West 7th Little Rock, Arkansas 72202	(501) 372-1992

Positions Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title(s) and Dates(s) Held
	N/A

Persons Expected to Request Senate Confirmation	Name of Congressional/Committee Establishing Nomination	Do You Intend to Create a Qualified Blind Trust?
	N/A	☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made in this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	X [signature]	X 1-8-92
Other Review (If Required by Agency)	Title or Office of Other Reviewer	Date (Month, Day, Year)
Ethics Official's Opinion	Signature of Designated Agency Ethics Official Who Has Reviewed This Report	Date (Month, Day, Year)
The information entered on this report has been reviewed in accordance with applicable laws and regulations.		
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A: The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B: Not applicable.

Schedule C, Part I (Liabilities): The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements): Show any agreements or arrangements as of the date of filing.

Schedule D: The reporting period is the preceding two calendar years and the current calendar year up to the

F 003219

Reporting Individual's Name: William J. Clinton

SCHEDULE C (Amended)

Page Number: 2

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term of repayment	Category of Amount or Value (x)						
						$10,000 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000
Example	First District Bank, Washington, DC John Jones, 123 St., Washington, DC	Mortgage on rental property, Delaware Promissory note	1981 1985	6% 18%	30 yrs on demand			•				
1	Perry County Bank, 201 Main Street, Perryville, Arkansas 72126	Promissory Note	1990	9.50%*	on demand		X					
2	Perry County Bank, 201 Main Street Perryville, Arkansas 72126	Promissory Note	1990	9.50%*	on demand			X				
3												
4												
5												

Part II: Agreements or Arrangements

*Initially 12%, then extended at 10.50% and 9.50%

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on services performed through 1990 and related pension benefits (to be separately managed, fully funded, defined contribution plan)	Jim Jones & Sarah Thornton, 1984	1984
1			
2			
3			
4			
5			

PAGE 304

APP 16 '95 11:43

315

F 00220

F 003221

Bill Clinton FOR PRESIDENT

April 6, 1992

VIA HAND DELIVERY

Kim L. Bright-Coleman
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: Amended SF-278 for Presidential Candidate William J. Clinton

Dear Ms. Bright-Coleman:

Enclosed for filing is an amendment to Schedule C of SF-278, the Public Financial Disclosure Report, previously submitted by Presidential Candidate William J. Clinton.

The amendment reports that Governor and Mrs. Clinton are personal guarantors of a mortage loan to Whitewater Development Company, Inc., a real estate development corporation of which they are shareholders.

Cordially yours,

Bruce R. Lindsey
Campaign Director

Enclosure

National Campaign Headquarters • P.O. Box 615 • Little Rock, Arkansas 72203 • Telephone (501) 372-1992 • FAX (501) 372-2292

Paid for by the Clinton for President Committee

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT (AMENDED)

Reporting Status	Calendar Year Covered by Report	Nominee or Candidate	Date of Appointment, Candidacy, Election, or Termination (Month, Day, Year)	Termination Filer	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	X	X	10/3/91	☐	

Reporting Individual's Name	Last Name	First Name and Middle Initial
	Clinton	William J.

Position for Which Filing	Title of Position	Department or Agency (If Applicable)
	Presidential Candidate	N/A

Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code)	Telephone No. (Include Area Code)
	917 West 7th Little Rock, Arkansas 72202	(501) 372-1992

Position(s) held with the Federal Government During the Preceding 12 Months (If Same as Above)	Title of Position(s) and Date(s) Held
	N/A

Position(s) and Nominee Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	N/A	☐ Yes ☐ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief	William J. Clinton	
Other Parties (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official Reviewing Official	Date (Month, Day, Year)
The behavior described in this report does not conflict of interest under applicable laws and regulations		
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

☐ Check here if comments are continued on the reverse side

Agency Use Only

OGE Use Only

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A: The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B: Not applicable.

Schedule C, Part I (Liabilities): The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements): Show any agreements or arrangements as of the date of filing.

Schedule D: The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

F 003222

317

F 003223

Reporting Individual's Name: William J. Clinton

SCHEDULE C

Page Number: 2

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term of Liability	Category of Amount or Value (x)						
						$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000
Example	First National Bank, Washington, DC 3 Any Street, Hill AFB, Washington, DC	Mortgage on rental property, 14 Any Street, Hill AFB, Washington, DC / Promissory note	1981 / 1990	12% / 10%	15 yrs. / on demand			X				
J	1st Ozark National Bank, Flippin, Ark.	Personal guarantee by Governor and Mrs. Clinton of Whitewater Development Co. mortgage loan*	1987	11%	Maturity Date 10/3/2		X					
2												
3												
4												
5												

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share, calculated on a basis performed through 1991 and retained pension benefits (undepreciated managed, fully funded, defined contribution plan)	Mr. Jones & Smith, Hometown, USA	1992
1			
2			
3			
4			
5			
6			

* The Clintons are 50% shareholders of Whitewater Development, Inc., an Arkansas real estate development corporation, which has a negative net worth.

F 003224

STATE OF ARKANSAS
OFFICE OF THE GOVERNOR
State Capitol
Little Rock 72201

FILE

1992
Bill Clint
W. J. "BILL" McCUEN
SECRETARY OF STA

May 15, 1992

The Honorable W. J. "Bill" McCuen
Secretary of State
State Capitol
Little Rock, Arkansas 72201

Dear Bill:

Attached please find an amended and restated statement of financial interest for Governor Bill Clinton. This statement replaces the statement filed January 31, 1992, and the amendment thereto filed in February of 1992.

Very truly yours,

Field K. Wasson, Jr.
Chief Legal Counsel

FKW:prm

F 003225

AMENDED AND RESTATED

STATEMENT OF FINANCIAL INTEREST

W.J. "Bill" McCuen
Secretary of State

State Capitol
Little Rock, Arkansas 72201

Provide ALL information or indicate "Not Applicable". (If additional space is needed, attach information to this document.)

MAY 20 1992

SECTION 1- NAME AND ADDRESS

Name: Clinton (last) Bill (first) W. J. "Bill" McCuen (middle) (nickname)

Address: 250 State Capitol Building (street) (P.O. box) Little Rock, AR (city, state) 72201 (ZIP)

Phone: 682-2345

Spouse's name: Clinton (last) Hillary (first) Rodham (middle)

All names under which you and/or your spouse do business:

Bill Clinton, William J. Clinton, William Jefferson Clinton

Hillary Rodham Clinton, Hillary Clinton

SECTION 2- REASON FOR FILING

☒ Public official Governor (office held)

☒ Candidate President (office for which a candidate)

☐ Municipal judge or city attorney (office held)

☐ State Government Agency head, department director, division director (department/position)

☐ Public appointee to state board or commission (name of board/commission)

SECTION 3- SOURCES OF INCOME

List each employer and each other source of income from which you, your spouse, or any other person for the use or benefit of you your spouse receives income. (You are not required to disclose the individual items of income that constitute a portion of the gro income of the business or profession from which you or your spouse derives income.) For example: accountants, attorneys, farmers, contractors, etc. do not have to list their individual clients. If you receive income exceeding $1,000, the answer N/A is correct.

a) Check appropriate box: ☐ more than $1,000 ☐ more than $12,500

See Attachment A (name of employer or source of income)

(address)

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received

b) Check appropriate box: ☐ more than $1,000 ☐ more than $12,500

(name of employer or source of income)

(address)

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received

F 003226

c) Check appropriate box: ☐ more than $1,000 ☐ more than $12,500

(name of employer or source of income)

(address)

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received

SECTION 4- BUSINESS OR HOLDINGS

List the name of every business in which you, your spouse or any other person for the use or benefit of you or your spouse have an investment or holding. Individual stock holdings should be disclosed. Figures should be based on fair market value at date of statement.

a) Check appropriate box: ☐ more than $1,000 ☐ more than $12,500

See Attachment B

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

b) Check appropriate box: ☐ more than $1,000 ☐ more than $12,500

(name of corporation, firm or enterprise)

(address)

(name under which investment held)

SECTION 5- OFFICE OR DIRECTORSHIP

List every office or directorship held by you or your spouse in any business, corporation, firm or enterprise subject to jurisdiction of a regulatory agency of this State, or of any of its political subdivisions.

a) See Attachment C

(name of business, corporation, firm or enterprise)

(address)

(office or directorship held)

(name of office holder)

b)

(name of business, corporation, firm or enterprise)

(address)

(office or directorship held)

(name of office holder)

F 003227

SECTION 6- CREDITORS

List each creditor to whom the value of five thousand dollars ($5,000) or more was personally owed or personally obligated and is still outstanding. (This does not include debts owed to members of your family or loans made in the ordinary course of business by either a financial institution or a person who regularly and customarily extends credit.)

a) N/A
(Name)

(Address)

b)
(Name)

(Address)

SECTION 7- GUARANTOR, CO-MAKER

List each guarantor or co-maker who has guaranteed a debt of yours that is still outstanding. (This includes debt guarantors arising or extended and refinanced after Jan. 1, 1989. Members of your family who are your guarantors are not required to be disclosed.)

a) N/A
(Name)

(Address)

b)
(Name)

(Address)

SECTION 8-GIFTS

List the source, date and description of each gift of more than $100 received by you or your spouse. A "gift" is defined as "any payment, entertainment, advance, services or anything of value unless consideration of equal or greater value has be given therefor".

A gift does not include (1) informational material, (2) the giving or receiving of food, lodging or travel which bears a relationship to the public servant's office and when appearing in an official capacity, (3) gifts which are not used and returned to donor within 30 days, (4) gifts from a family member, unless the giver is acting as agent or intermediary for any person not covered by this paragraph, (5) campaign contributions, (6) any devise or inheritance.

a) See Attachment D
(Source)

(Date)

(Description)

b)
(Source)

(Date)

(Description)

SECTION 9- NONGOVERNMENTAL SOURCES OF PAYMENT

List each nongovernmental source of payment of your expenses for food, lodging or travel which bears a relationship to your office when you appear in your official capacity when the expenses incurred exceed $150.

See Attachment E
(Organization)

(Address)

(Date of expenses)

(Nature of expenditure)

F 003228

SECTION 10- DIRECT REGULATION OF BUSINESS

List any business which is under direct regulation or subject to direct control by the governmental body which you serve and which employs you.

a) N/A
(name of employer)
(governmental body which regulates or controls)

b)
(name of employer)
(governmental body which regulates or controls)

SECTION 11- SALES TO GOVERNMENTAL BODY

List the goods or services sold having a total annual value in excess of $1,000 sold to the governmental body for which you serve, and the compensation paid for each category of goods or services by you or any business in which you or your spouse is an officer, director, stockholder owning more than 10% of the stock.

a) Legal Services
(goods or services)
Workers Compensation Commission
(governmental body to whom sold)
$4,227
(compensation paid)
(These fees have been received by the Rose Law Firm. Hillary Clinton is a partner at the firm, but she receives no portion of the fees paid by any Arkansas state agency to the firm.)

SECTION 12- SIGNATURE

I certify under penalty of perjury that the above information is true and correct.

Bill Clinton
signature

STATE OF ARKANSAS

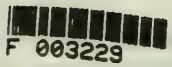
COUNTY OF Pulaski

Subscribed and sworn to before me, a Notary Public this the 15 day of May, 1992

Notary Public

Little Rock, AR
address

My commission expires: 2-17-2001



ATTACHMENT A

SECTION 3 - SOURCES OF INCOME

List each employer and each other source of income from which you, your spouse, or any other person for the use or benefit of you or your spouse receives income. (You are not required to disclose the individual items of income that constitute a portion of the gross income of the business or profession from which you or your spouse derives income.) For example: accountants, attorneys, farmers, contractors, etc. do not have to list their individual clients. If you receive income exceeding $1,000, the answer N/A is not correct.

Check appropriate box:

a) ___ more than $1,000 _x_ more than $12,500

State of Arkansas
Little Rock, AR
Bill Clinton

Salary

Check appropriate box:

b) ___ more than $1,000 _x_ more than $12,500

Rose Law Firm
Little Rock, AR
Hillary Clinton

Salary

Check appropriate box:

c) ___ more than $1,000 _x_ more than $12,500

Wal-Mart
Bentonville, AR
Hillary Clinton

Service on Board of Directors

Check appropriate box:

d) _x_ more than $1,000 ___ more than $12,500

TCBY
Little Rock, AR
Hillary Clinton

Service on Board of Directors



Check appropriate box:

e) ___ more than $1,000 _x_ more than $12,500

Lafarge Corporation
Reston, VA
Hillary Clinton

Service on Board of Directors

Check appropriate box:

f) _x_ more than $1,000 ___ more than $12,500

Public/Private Ventures
Philadelphia, PA
Hillary Clinton

Service on Board of Directors

Check appropriate box:

g) _x_ [redacted] $1,000 ___ more than $12,500

American Association of School Administrators
Arlington, VA
Bill Clinton

Speech Honorarium

Check appropriate box:

h) _x_ more than $1,000 ___ more than $12,500

American Bar Association
Chicago, IL
Bill Clinton

Speech Honorarium

Check appropriate box:

i) _x_ more than $1,000 ___ more than $12,500

Chautauqua Institution
Chautauqua, NY
Bill Clinton

Speech Honorarium

F 003231

Check appropriate box:

j) _x_ more than $1,000 ___ more than $12,500

Delta State Universtiy Foundation, Inc.
Cleveland, MS
Hillary Clinton

Speech Honorarium

Check appropriate box:

k) _x_ more than $1,000 ___ more than $12,500

Chautauqua Institution
Chautauqua, NY
Hillary Clinton

Speech Honorarium

Check appropriate box:

l) _x_ more than $1,000 ___ more than $12,500

Twin City Bank
North Little Rock, AR
Hillary Clinton

Interest

Check appropriate box:

m) _x_ more than $1,000 ___ more than $12,500

Union National Bank
Little Rock, AR
Bill Clinton and Hillary Clinton

Interest

Check appropriate box:

n) _x_ more than $1,000 ___ more than $12,500

Worthen Bank
Little Rock, AR
Bill Clinton and Hillary Clinton

Interest



Check appropriate box:

o) _x_ more than $1,000 ___ more than $12,500

ValuePartners I
Little Rock, AR
Hillary Clinton

Interest

Check appropriate box:

p) _x_ more than $1,000 ___ more than $12,500

Cortland Municipal Money Market Fund
New York, NY
Hillary Clinton

Interest

Check appropriate box:

q) _x_ more than $1,000 ___ more than $12,500

Texarkana Public Waterworks Millwood Lakes Bond
Texarkana, AR
Hillary Clinton

Interest

Check appropriate box:

r) _x_ more than $1,000 ___ more than $12,500

Pulaski County Health St. Vincent Bond
Little Rock, AR
Hillary Clinton

Interest

Check appropriate box:

s) _x_ more than $1,000 ___ more than $12,500

Fidelity ST-TRM Government Fund
Boston, MA
Bill Clinton and Hillary Clinton each have separate investments in this fund

Interest

F 003233

Check appropriate box:

t) _X_ more than $1,000 ___ more than $12,500

Rose Law Firm Profit Sharing Plan
Little Rock, AR
Hillary Clinton

Interest



ATTACHMENT B

SECTION 4 - BUSINESS OR HOLDINGS

List the name of every business in which you, your spouse or any other person for the use or benefit of you or your spouse have an investment or holding. Individual stock holdings should be disclosed. Figures should be based on fair market value at date of statement.

Check appropriate box:

a) ___ more than $1,000 _x_ more than $12,500

Liz Claiborne
New York, NY
Hillary Clinton

Check appropriate box:

b) ___ more than $1,000 _x_ more than $12,500

Wal-Mart
Bentonville, AR
Hillary Clinton

Check appropriate box:

c) _x_ more than $1,000 ___ more than $12,500

TCBY
Little Rock, AR
Hillary Clinton

Check appropriate box:

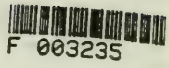
d) ___ more than $1,000 _x_ more than $12,500

Cortland Municipal Money Market Fund
New York, NY
Hillary Clinton

Check appropriate box:

e) _x_ more than $1,000 ___ more than $12,500

GT Pacific Growth Fund
San Francisco, CA
Hillary Clinton



Check appropriate box:

f) _x_ more than $1,000 ___ more than $12,500

Southern Development Bancorporation*
Arkadelphia, AR
Hillary Clinton

* This listing represents director-qualifying shares of stock in Southern Development Bancorporation and is being reported in the interest of full disclosure even though the stock has no market value. The shares have a par value exceeding $1,000 but no real value because they cannot be sold or otherwise transferred to a third party.

Check appropriate box:

g) ___ more than $1,000 _x_ more than $12,500

ValuePartners I
Little Rock, AR
Hillary Clinton

Check appropriate box:

h) ___ more than $1,000 _x_ more than $12,500

Rose Building Limited Partnership
Little Rock, AR
Hillary Clinton

Check appropriate box:

i) ___ more than $1,000 _x_ more than $12,500

Fidelity US Government Income Fund*
Boston, MA
Hillary Clinton and Bill Clinton each have separate investments in this fund

* Investment transferred from Fidelity ST-TRM Government Fund in the second half of 1991.

Check appropriate box:

j) _x_ more than $1,000 ___ more than $12,500

Schwab CEF Tax Exempt Fund
Little Rock, AR
Hillary Clinton

F 003236

Check appropriate box:

k) ___ more than $1,000 _X_ more than $12,500

Rose Law Firm Profit Sharing Plan
Little Rock, AR
Hillary Clinton

F 003237

ATTACHMENT C

Section 5 - Office or Directorship

List every office or directorship held by you or your spouse in any business, corporation, firm or enterprise subject to jurisdiction of a regulatory agency of this State, or of any of its political subdivisions.

a) Southern Development Bancorporation
Arkadelphia, AR
Board of Directors
Hillary Clinton

b) Wal-Mart*
Bentonville, AR
Board of Directors
Hillary Clinton

c) TCBY*
Little Rock, AR
Board of Directors
Hillary Clinton

d) Arkansas Children's Hospital
Little Rock, AR
Board of Directors
Hillary Clinton

e) New Futures for Little Rock Youth
Little Rock, AR
Board of Directors
Hillary Clinton

* As of the date of the filing of this amended and restated form, Hillary Clinton no longer serves on the Wal-Mart and TCBY boards.



ATTACHMENT D

SECTION 8 - GIFTS

List the source, date and description of each gift of more than $100 received by you or your spouse. A "gift" is defined as "any payment, entertainment, advance, services or anything of value unless consideration of equal or greater value has been given therefor."

A gift does not include (1) informational material, (2) the giving or receiving of food, lodging or travel which bears a relationship to the public servant's office and when appearing in an official capacity, (3) gifts which are not used and returned to the donor within 30 days, (4) gifts from a family member, unless the giver is acting as agent or intermediary for any person not covered by this paragraph, (5) campaign contributions, (6) any devise or inheritance.

---

a) Chuck Carroll
July 1991
Suit and ties

b) Lare Gundlack
May 1991
purse

c) Mr. and Mrs. Joe Edd Hawkins
June 1991
Donation to WOVEN Teaching Ministries

d) David Jones
June 1991
jacket

e) Wayne Woods
May 1991
Arkansas books

f) Liz Robbins
December 1991
Porcelain

g) C. B. and Ann Miller
December 1991
Donation to Oklahoma Medical Research Foundation

h) Patti and Dick Upton and Sandra Horne
December 1991
Urn and Aromatique products

i) Perry Kinder
December 1991
Donation to "Operation Santa Claus"



j) The Communications Group, Inc.
December 1991
Donation to Union Rescue Mission

k) Dr. Ben and Betty Salzman
December 1991
Contribution to the Rotary Foundation

l) Arkansas Farm Bureau
December 1991
fruit baskets

m) Arkansas Electric Co-Op
December 1991
fruit baskets

n) Bill and Lee Humble
December 1991
ties

o) Woody Futrell
December 1991
savings bond

p) Danny Thomason
December 1991
eyeglasses and contact lenses

q) Governor's Staff and Cabinet
December 1991
Gift certificate

r) Oaklawn
January 1991
Box and 3 parking passes to Oaklawn

s) University of Arkansas, Fayetteville
August 1991
6 tickets to home football games

t) Arkansas State University
August 1991
Tickets to home football games

u) Phil Lader
Hilton Head, SC
December 1991
Lodging: Renaissance Weekend
Lodging for First Lady

v) Rockefeller Foundation
Little Rock, AR
February 19, 1991
Transportation; To Los Angeles, CA
Transportation for First Lady



w) Smiley Investment Company
Little Rock, AR
February 19, 1991
Overnight Lodging: Los Angeles, CA
Lodging for First Lady

x) Rockefeller Foundation
Little Rock, AR
February 20, 1991
Transportation: Los Angeles, CA to Little Rock, AR
Transportation for First Lady

y) Wal-Mart Stores, Inc.
Bentonville, AR
February 27, 1991
Transportation: To Rogers, AR
Transportation for First Lady

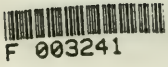
z) Wal-Mart Stores, Inc.
Bentonville, AR
March 6, 1991
Transportation: To Rogers, AR
Transportation for First Lady

aa) Wal-Mart Stores, Inc.
Bentonville, AR
March 7, 1991
Transportation: Rogers, AR to Little Rock, AR
Transportation for First Lady

bb) Jim Blair, Central Flying Service Charter
Little Rock, AR
April 12, 1991
Transportation: To Fayetteville, AR
Transportation for First Lady

cc) Harry & Linda Bloodworth-Thomason
Burbank, CA
April 19, 1991
Transportation: Washington, DC to New York
Transportation for First Lady

dd) Harry & Linda Bloodworth-Thomason
Burbank, CA
April 20, 1991
Transportation: New York to Little Rock, AR
Transportation for First Lady



ee) Stephens, Inc.
Little Rock, AR
May 20, 1991
Transportation: To Hot Springs, AR
Transportation for First Lady

ff) Aromatique, Inc.
Heber Springs, AR
June 3, 1991
Transportation & Lodging: New York, NY
Transportation & Lodging for First Lady

gg) Wal-Mart Stores, Inc.
Bentonville, AR
June 6, 1991
Transportation: To Bentonville, AR
Transportation for First Lady

ATTACHMENT E



Section 9 - Nongovernmental Sources of Payment

List each nongovernmental source of payment of your expenses for food, lodging or travel which bears a relationship to your office when you appear in your official capacity when the expenses incurred exceed $150.

---

1. Piggott State Bank
   Piggott, AR
   January 2, 1991
   Airplane: Jonesboro, AR for funeral

2. Spirit Manufacturing Company
   Jonesboro, AR
   January 4, 1991
   Airplane: Hope, AR for funeral

3. Harold Ives Trucking Company
   Stuttgart, AR
   February 28, 1991
   Airplane: Paris, AR for funeral

4. Democratic Leadership Council
   Washington, DC
   March 10, 1991
   Transportation & Lodging: Democratic Dinner in Michigan

5. Democratic Leadership Council
   Washington, DC
   April 8, 1991
   Transportation & Lodging: New York City, NY for DLC dinner

6. Richard Smith
   Stephens, AR
   April 10, 1991
   Airplane: Stephens, AR for Economic Development meeting

7. Democratic Leadership Council
   Washington, DC
   April 11-13, 1991
   Transportation & Lodging: Oregon, Colorado, Wyoming & California for DLC meetings

8. Education First
   Los Angeles, CA
   April 12-14, 1991
   Lodging: California Education Speech

F 003243

9. Walton Enterprises
   Bentonville, AR
   April 16, 1991
   Airplane: Rogers, AR for Economic Development meeting

10. Harold Ives Trucking Company
    Stuttgart, AR
    April 21, 1991
    Airplane: Baton Rouge, LA for meeting

11. Democratic Leadership Council
    Washington, DC
    April 23, 1991
    Transportation & Lodging: Dallas, TX & Ohio for DLC meetings

12. Flying Star, Inc.
    Little Rock, AR
    April 26, 1991
    Airplane: West Memphis, Pine Bluff & Lake Village, AR for meeting & funeral

13. University of Utah
    Salt Lake City, Utah
    May 3, 1991
    Transportation & Lodging: Speech for Scott Matheson Institute

14. Democratic Leadership Council
    Washington, DC
    May 4-7, 1991
    Transportation & Lodging: Washington, DC & Ohio for DLC meetings

15. Winrock International
    Morrilton, AR
    May 9, 1991
    Airplane: Petit Jean Mountain for a dedication (was unable to complete trip due to bad weather)

16. Harvard University
    Cambridge, MA
    May 13, 1991
    Transportation: Cambridge, MA for JFK School of Government Forum

17. Jim Stamps, International Air, and Charlie Fore
    Russellville, AR
    May 18, 1991
    Airplane: Baton Rouge, LA for Louisiana State Democratic Convention and to Russellville, AR for ATU Graduation

F 003244

18. Hytrol Conveyor
Jonesboro, AR
June 1, 1991
Airplane: Jonesboro, AR for hospital dedication & to Waco, TX for Speech to LULAC Convention

19. Harold Ives Trucking Company
Stuttgart, AR
June 4, 1991
Airplane: Fort Smith, AR for meeting on Fort Chaffee

20. American Friends of Bilderberg
New York, NY
June 5-6, 1991
Transportation & Lodging: Germany for Bilderberg Meeting

21. Entergy Corporation
New Orleans, LA
June 12, 1991
Airplane: Hot Springs & Conway, AR for speeches

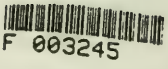
22. Democratic Party of Wisconsin
Milwaukee, WI
June 15, 1991
Transportation & Lodging: Wisconsin for speech to Wisconsin Democrats

23. Mozark Productions
Burbank, California
June 22, 1991
Airplane: Aspen, CO to Los Angeles, CA for Coalition for Democratic Values

24. Chrysler Corp. plane leased to Ambassador Bandar bin Sultan
Washington, DC
June 23, 1991
Airplane: Aspen, CO to Little Rock, AR

25. Chautauqua Institution
Chautauqua, NY
June 26-28
Transportation & Lodging: Chautauqua, NY for speech

26. Rog Rogers, Jr.
Batesville, AR
June 30, 1991
Airplane: Fort Smith, AR for God & Country Rally



27. Democratic Leadership Council
Washington, DC
July 12, 1991
Transportation: Chicago, IL for Democratic Leadership Council meetings

28. Democratic Leadership Council
Washington, DC
July 17, 1991
Transportation: New York, NY for Democratic Leadership Council meetings

29. Portland Maine Democratic City Committee donors
Portland, ME
July 21, 1991
Transportation: Portland, ME

30. Kentucky Democratic Party
Frankfort, Kentucky
July 27, 1991
Transportation & Lodging: Kentucky Democratic Dinner

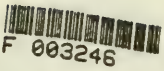
31. American Association of School Administrators
Arlington, VA
July 30, 1991
Transportation & Lodging: For speech

32. Democratic Leadership Council
Washington, DC
July 30-August 1, 1991
Transportation: California for Democratic Leadership Council meetings

33. Democratic National Committee
Washington, DC
August 1, 1991
Transportation & Misc. Travel Expenses: Peeble Beach, CA to San Francisco, CA for Democratic Business Council meeting

34. Democratic Leadership Council
Washington, DC
August 4-5, 1991
Transportation & Lodging: Boston, MA & New Hampshire for Democratic Leadership Council meetings

35. Mississippi Democratic Party
Jackson, MS
August 10, 1991
Airplane: Jackson, MS for Mississippi Democratic Party dinne:



36. Stephens, Inc.
Little Rock, AR
August 12, 1991
Airplane: Atlanta, GA for American Bar Association speech

37. Stephens, Inc.
Little Rock, AR
August 14, 1991
Airplane: Birmingham, AL for Southern Christian Leadership Conference

38. Wal-Mart Aviation
Bentonville, AR
September 5, 1991
Airplane: Rogers, AR for reception

39. Illinois Democratic Party
Chicago, IL
September 7, 1991
Airplane: Carbondale, IL for Illinois Democratic dinner

40. Georgia Association of State Democratic Chairmen
Atlanta, GA
September 14, 1991
Transportation: Richard B. Russell Dinner

41. Stanford Alumni Association
Stanford, CA
September 30, 1991
Transportation & Lodging: Stanford Centennial speech

In addition, transportation and lodging has been provided by the Bill Clinton Exploratory Committee and by the Bill Clinton Presidential Campaign Committee.

SF 278 (Rev. 1/91)
5 C.F.R. part 2634
U.S. Office of Government Ethics

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
OMB No. 3209-0006

Reporting Status (Check Appropriate Items) ☐ Incumbent

Calendar Year Covered by Report: N/A

☒ New Entrant, Nominee, or Candidate

Date of Appointment, Candidacy, Election or Nomination (Month, Day, Year): 10/3/91

☐ Termination Filer

Termination Date (If Applicable) (Month, Day, Year):

Agency Use Only

OGE Use Only

Reporting Individual's Name

Last Name: Clinton

First Name and Middle Initial: William J.

Position for Which Filing

Title of Position: Presidential Candidate

Department or Agency (If Applicable): N/A

Location of Present Office (or forwarding address)

Address (Number, Street, City, State, and ZIP Code): 917 West 7th, Little Rock, Arkansas 72202

Telephone No. (Include Area Code): (501) 372-1992

Position(s) Held with the Federal Government During the Preceding 12 Months (If Same as Above)

Title of Position(s) and Date(s) Held: N/A

Presidential Nominee Subject to Senate Confirmation

Name of Congressional Committee Considering Nomination: N/A

Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☐ No

Certification

I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief

Signature of Reporting Individual: William J Clinton

Date (Month, Day, Year): 11-1-91

Other Review (If desired by agency)

Signature of Other Reviewer:

Date (Month, Day, Year):

Agency Ethics Official's Opinion

The information contained in this report discloses no conflict of interest under applicable laws and regulations

Signature of Designated Agency Ethics Official/Reviewing Official:

Date (Month, Day, Year):

Office of Government Ethics Use Only

Signature:

Date (Month, Day, Year):

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee.

Reporting Periods

Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing

342

F 003247

SF 278 (Rev. 1/91) -
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton -

SCHEDULE A

Page Number: 2

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | | |

SF 278 (Rev. 6-91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 3

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

Form 278
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 4

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

5 C.F.R. Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 5

Assets and Income

BLOCK A

Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period.

Identify each asset or source of income which generated over $200 in income during the reporting period.

None ☐

Valuation of Assets at close of reporting period

BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.

BLOCK C

Type

Amount

BLOCK A	Valuation of Assets: None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Type: Dividends	Rents and Royalties	Interest	Capital Gains	Tax-deferred investment funds	Executed Trust	Qualified Trust	Other (Specify Type)	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Ex-employer: Control Airlines Common																Tax-Deferrable Income										$130,000	
Ex-employer: Dow Jones & Smith, Hometown, USA																											
Ex-employer: Kemptons Equity Fund																											
Ex-employer: Dow Jones & Smith pension plan																											
S: John & Catherine MacArthur Foundation Chicago, Illinois																Honorarium										500	3/7/90
S: John & Catherine MacArthur Foundation Chicago, Illinois																Honorarium										500	1/9/91
S: American Television & Communication Corporation Memphis, Tennessee																Honorarium										1,000	3/6/90
S: University of Texas Law School Austin, Texas																Honorarium										2,000	5/9/90
S: Public/Private Ventures Philadelphia, PA																Director's Fees										N/A	
S: Southern Regional Council, Inc. Indianapolis, Indiana																Honorarium										500	1/31/91

F 003251

F 003252

SF 330 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 6

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)	Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)		
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001) · $1,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $250,000 · $250,001 - $500,000 · $500,001 - $1,000,000 · Over $1,000,000	Type: Dividends · Rent and Royalties · Interest · Capital Gains · Exempted Investment Fund · Exempted Trust · Qualified Trust · Other (Specify Type)	Amount: None (or less than $201) · $201 - $1,000 · $1,001 - $2,500 · $2,501 - $5,000 · $5,001 - $15,000 · $15,001 - $50,000 · $50,001 - $100,000 · $100,001 - $1,000,000 · Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Example: Capital Advisors Common					
Example: Dow Jones & Smith, Hometown, USA					
Example: Hometown Equity Fund					
Example: Dow Jones & Smith pension plan					
S West Virginia University Foundation Morgantown, WV			Honorarium	500	3/14/91
S Chautauqua Institution Chautauqua, New York			Honorarium	1,500	6/12/91
S Chautauqua Institution [illegible] New York			Honorarium	1,500	6/12/91

SF 278 (Rev. 6/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 7

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)								Income type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)															
									Type								Amount									
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Ex-spouse: Central Airlines Common																										
Ex-spouse: Dow Jones & Smith, Hometown, USA																Tax Partnership Income									$150,000	
Ex-spouse: Hometown Equity Fund																										
Ex-spouse: Dow Jones & Smith pension plan																										
S Fidelity SHT-TRM Government Fund												X							X							
S Texarkana Public Waterworks Millwood Lakes Bond		X									X							X							
S Pulaski County Health St. Vincent Bond			X								X								X						
S Little Rock SFMR Bond		X									X							X							
S Arkansas DFA Multi-Hsg. Bond		X									X							X							
S Schwab CEF Tax Exempt Fund	X												X				X									

Previous Edition - Cannot Be Used

F 003253

OF 278 (Rev. 6-91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 8

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)	Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)		
		Type	Amount	
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001) / $1,001 - $15,000 / $15,001 - $50,000 / $50,001 - $100,000 / $100,001 - $250,000 / $250,001 - $500,000 / $500,001 - $1,000,000 / Over $1,000,000	Dividends / Rent and Royalties / Interest / Capital Gains / Capital gains distributions (mutual funds) / Exempt from disclosure	Other (Specify Type)	None (or less than $201) / $201 - $1,000 / $1,001 - $2,500 / $2,501 - $5,000 / $5,001 - $15,000 / $15,001 - $50,000 / $50,001 - $100,000 / $100,001 - $1,000,000 / $1,000,001 - $5,000,000 / Over $5,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
Ex. Dreyfus Capital Appreciation Fund							
Ex. Dow Jones & Reinh, Houston, USA							
Ex. Dreyfus Equity Fund							
Ex. Dow Jones & Reinh pension plan							
DIV: HYNEX-Common	X				X		
DIV: Bell Atlantic-Common	X				X		
DIV: Bell South-Common	X				X		
DIV: Twin City Bank Savings Certificate & Savings Acc North Little Rock, AR	X				X		
SCH: OKC Limited Partnership Dallas, Texas	X	X			X		
SCH: Rose Law Firm Profit Sharing Plan	X	X			X		

Previous Editions Cannot Be Used

F 002354

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																				Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
								Type										Amount											
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Exempt Investment Funds	Exempt Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000			
Ex-employer: Central Arkansas Commun																													
Ex-employer: Dow Jones & Co., Inc., Hometown, USA																Limited Partnership Income											$130,000		
Ex-employer: Kemptone Equity Fund																													
Ex-employer: Dow Jones & Co., Inc. pension plan																													
North Little Rock Murray Lock and Dam Bond		X																X										
Courtland Municipal Money Market Fund				X								X								X								
Liz Claiborne, Inc. Common			X					X										X										
[illegible]																Dividend													

5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		10

| Assets and Income
BLOCK A | Valuation of Assets at close of reporting period
BLOCK B | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item.
BLOCK C | | | | | | | |

...(Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE B	New Entrant/Nominee/Candidate: Schedule Not Applicable [X]	Page Number
William J. Clinton			11

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None [ ]

ID No.	Identification of Assets	Transaction Type (x) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x) $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,000	Certificate of Divestiture
Example	Central Airlines Common	x			3/1/91			x					
1													
2													
3													
4													
5													

Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totaling $250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of $75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

None [ ]

ID No.	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 9/15/90	$500
	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1			
2			
3			
4			
5			

Previous Editions May Be Used

352

FOIA/PA RELEASE 2000
F 003257

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [X]

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (a)							
						$10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,001 - $5,000,000	Over $5,000,000
Example	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1981	12%	25 yrs on demand			•					
Example	John Jones, 123 J St., Washington, DC	Promissory note	1989	10%						•			
1													
2													
3													
4													
5													

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on services performed through 1991 and retained pension benefits (Independently managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	1/93
1	Retained pension benefit in defined benefit plan, fully funded, administered by the Arkansas Public Employees Retirement System's Board of Trustees.	Arkansas Public Employees Retirement System, Little Rock, AR	1/77
2			
3			
4			
5			

F 032256

OGE Form 278
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
William J. Clinton		13

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non-profit education Law firm	President Partner	3/85 1/91	Present Present
1	State of Arkansas	Public Service	Governor	1/79 1/83	1/81 Present
2	Lower Mississippi Delta Development Commission	Non-Profit Economic Development	Chairman	10/88	5/90
3	National Governor's Association Task Force on Health Care	Non-Profit	Chairman	7/90	8/91
4	National Assn.of State Boards of Education Task Force on School Readiness	Non-Profit Education	Chairman	3/91	Present
5	National Governor's Association Committee on Human Resources	Non-Profit	Member	1/83	Present
6	National Governor's Association Economic Development Committee	Non-Profit	Member	7/90	Present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/ Termination Filer/ Candidate: Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Metro University (client of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Previous Edition usable until [illegible]

FOIA 003259

SF 278 (Rev. 6/91)
OGE Form 278
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
William J. Clinton		14

Part I: Positions Held Outside U.S. Government - Continued

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn of Park Collectors, NY, NY Doe Jones & Smith, Hometown, USA	Non-profit education Law firm	President Partner	4/81 1/85	Present 11/91
X 1	National Governor's Association Executive Committee	Non-Profit	Member	8/86	10/91
X 2	National Governor's Association Finance Committee	Non-Profit	Member	8/86	8/91
3					
4					
5					
6					

Part II: Compensation In Excess Of $5,000 Paid by One Source

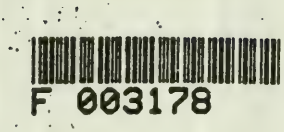
Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent / Termination Filer / Candidate: Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA Hope University (client of Doe Jones & Smith), Hometown, USA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

F 003260


F 003178

CLINTON PUBLIC FINANCIAL DISCLOSURE
REPORT 1992

VWF

FINANCIAL STATEMENT

To: PERRY COUNTY BANK
PERRYVILLE, ARKANSAS

Name Bill Clubb and Hallie Pullum Clubb Address 1906 Parker St. Little Rock, Ark. 72206

For the purpose of procuring and maintaining credit from time to time in any form whatsoever with the above named Bank, the undersigned submits the following statement of the undersigned's financial condition as the undersigned may desire, and agrees that any material change in the undersigned's financial condition shall be promptly reported to the Bank, and that the Bank is not obligated to make any loans or extensions of credit to the undersigned unless and until the undersigned's financial condition is satisfactory to the Bank. The undersigned authorizes any bank, any merchant, any person, firm or corporation to give to the Bank any and all information concerning the undersigned's credit, business and financial condition that the Bank may request, and releases all such persons, firms and corporations from any liability for furnishing such information. The undersigned understands that any loans, extensions of credit or other accommodations to any person, firm or corporation in which the undersigned has a financial interest may be considered by the Bank as a loan to the undersigned, and the undersigned agrees that any such loans, extensions of credit or other accommodations may be included in the undersigned's liabilities to the Bank. The undersigned agrees to pay any loans, extensions of credit or other accommodations given in reliance upon this statement, and waives notice of the Bank's acceptance hereof. The undersigned agrees to notify the Bank in writing of any change in the undersigned's financial condition. Any loans, extensions of credit or other accommodations given in reliance upon this statement shall be subject to the terms and conditions of the Bank's standard form of note or other agreement in use at the time of issuance.

Month May (Day) 21 19 70

ASSETS		LIABILITIES	
Cash on hand and in Banks	60,000.00	Notes payable to Banks	
U. S. Gov. Securities — see schedule		Secured	
Listed Securities — see schedule	250,000.00	Unsecured	
Unlisted Securities — see schedule		Notes payable to relatives	
Accounts and Notes Receivable Due from relatives and friends		Notes payable to others	
Accounts and Notes Receivable Due from others — good		Accounts and bills due	
Accounts and Notes Receivable Doubtful		Accrued taxes and interest	
Real Estate owned — see schedule		Other unpaid taxes	
Real Estate Mortgages owned		Mortgages payable on Real Estate — see schedule	90,000.00
Automobiles	10,000.00	Chattel Mortgages and other Liens payable	
Furniture and fixtures		Other debts — itemize	
Other assets — itemize			
Cash Value Life Insurance			
		TOTAL LIABILITIES	90,000.00
		NET WORTH	230,000.00
TOTAL ASSETS	320,000.00	TOTAL DEBTS & NET WORTH	320,000.00

SOURCE OF INCOME		PERSONAL INFORMATION	
Salary	15,000.00	Residence: Owned or Rented	Owned
Bonus and commissions		Partner or officer in any other venture	
Dividends	25,000.00		Lake Lawn Farm
Real Estate income		Married	Children
Other income — itemize		Single	Dependents
Interest on savings, bonds			
TOTAL	40,000.00		

CONTINGENT LIABILITIES		GENERAL INFORMATION	
As endorser or comaker		Are any assets pledged?	NO
On leases or contracts		Are you defendant in any suits or legal actions?	NO
Legal claims			
Provision for Federal Income Taxes		Personal life insurance carried at	
Other special debt		Have you ever taken bankruptcy?	Explain: NO

Bill Clinton FOR PRESIDENT

April 6, 1992

VIA HAND DELIVERY

Kim L. Bright-Coleman
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: Amended FEC Form for Presidential Candidate William J. Clinton

Dear Ms. Bright-Coleman:

Enclosed for filing is an amendment to Schedule C of FEC Form, the Public Financial Disclosure Report, previously submitted by Presidential Candidate William J. Clinton.

The amendment reports that Governor and Mrs. Clinton are personal guarantors of a mortgage loan to Whitewater Development Company, Inc., a real estate development corporation of which they are shareholders.

Cordially yours,

Bruce R. Lindsey
Campaign Director

Enclosure

DKSN000180

National Campaign Headquarters • P.O. Box 919 • Little Rock, Arkansas 72203 • Telephone (501) 375-1992 • FAX (501) 375-0235

DKSN00018

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 Gannett Company, Inc.
USA TODAY

June 18, 1993, Friday, FINAL EDITION

SECTION: MONEY; Dan Dorfman; Pg. 4B

LENGTH: 1323 words

HEADLINE: Short-seller boosted first lady's portfolio

BYLINE: Dan Dorfman

DATELINE: NEW YORK

BODY:

If Hillary Rodham Clinton has a few more bucks than in the late '80s, she owes a thank you to David Hines, a Southerner who has a keen, consistent eye for spotting overpriced stocks.

Hines, whose name has not surfaced before as a money maker for Clinton, helped manage part of her assets in the late '80s and very early '90s. Some pros tell me that thanks largely to his prowess as a short-seller - a bettor on lower stock prices - she turned in some sparkling gains, especially in '89 and '90.

At that time, Hines was a key portfolio manager at a Little Rock investment firm. In fact, the intense, fast-talking Hines' name was on the door: Smith-Hines Investment Management (now Smith Capital Management). Clinton had put $ 50,000 to $ 100,000 in Value Partners, a partnership run by the firm.

Her assets swelled as Hines helped rack up hefty gains for Value Partners - 37% in '89 and 46% in '91. Among the winning short sales that helped spark such increases, according to Hines: USG, Shorewood Packaging, Software Publishing, Southeast Banking and KnowledgeWare.

Rowland Smith, vice president of Smith Capital Management, confirms Hines made a major contribution. "He was very instrumental in those '89 and '90 gains. He's an impressive, knowledgeable guy and especially good at selling short."

Hines, 36, left Smith-Hines in September '91 to start Hines Management. Located in Conway, Ark., 35 miles from Little Rock, it has $ 15 million of assets. Its focus is short selling, though it also buys stocks.

The Clintons' investments were disclosed a month ago in federal filings. At no point did the first lady help pick stocks Value Partners bought or sold short or discuss them with the firm. Her holdings have been placed in a blind trust to avoid questions concerning her financial dealings. Hines doesn't manage any of her assets now.

Hines, who chatted with Clinton on several occasions when her husband was governor of Arkansas, describes her as "astute, businesslike and a real sharp cookie. I'd also say she's well qualified to be president."

Did he vote for Bill? Hines is quick to say: "I won't answer that."

As a short-seller - a risky strategy - Hines trailed the market in '92, ...ting a 3.5% gain vs. a 7.6% total return for the S&P 500 index. But he beat ...e average short-seller (down 4%). This year, he's running rings around both with a gain of more than 30%. The S&P 500 this year is up less than 4%, including dividends, and the average short this year is about flat.

Among his big '93 hits on the short side: Eagle Hardware, MTC Electronic, VideOcart, Immune Response, McAfee Associates and KnowledgeWare.

Where will the market be in six months? No answer. "I don't try to guess where the market will go; I try to guess where stocks will go." Still, he's not excited about buying stocks. "We're late in the bull market," he says. His reasoning:

- Rich stock valuations, as measured by fundamental values (such as price-earnings multiples, book values and dividend yields).

- Big public buying of stock mutual funds, a contrary indicator.

- A continuing high level of company stock offerings, which generally coincides with market tops.

Hines tracks 200 stocks daily, mostly on NASDAQ. In short selling, he won't make a bet until he sees an event taking place within three months - some sort of news that'll knock the stock price down. That would include an unfavorable earnings announcement, news of a product delay or a disclosure from a rival that ...ld signal more competition.

"To short without an event is insanity," he says. "A company that has poor fundamentals can double or triple before you're proved right."

That's not as easy as it sounds. Earlier this year Hines rolled craps when he sold short some riverboat-gambling stocks. The event he looked for: that investors would recognize the low quality of earnings because of such practices as capitalizing expenses and low-balling estimated tax liabilities. But it never happened. Mania for the group is such that no one cared. "I shorted too soon and it cost me," he says.

A big reservoir of information for Hines is quarterly corporate filings with the Securities and Exchange Commission in connection with their earnings reports. "I try to get them first or as early as I can to see if there are any problems," he says.

One top short - see charts for favorite shorts and buys - is Jan Bell Marketing. Until recently it was a jewelry distributor that got 60% of its revenue from Sam's Wholesale Clubs (owned by Wal-Mart) and 20% from Pace Warehouse. But no more.

Jan Bell has announced it's switching from being a distributor at Sam's to operating leased jewelry departments at the chain. As part of the shift, Jan Bell will buy more than $ 77 million worth of its inventory from Sam's and hire ...1 200 more workers.

Troubling Hines is that he sees profit margins will not be as large as in the past. In fact, the company said just that in a recent quarterly filing with

the SEC. What's more, now that it's more of a retailer than a distributor, Hines points out that Jan Bell will incur inventory risk. In the past, the goods it shipped to Sam's were counted as revenue.

Hines says it's unclear how Jan Bell will fund a $ 77 million merchandise buyback. It could do a stock offering or take some other action that could dilute per-share earnings, he says. He also feels its conversion from chiefly a distributor to a retailer could be much more costly than Wall Street expects.

"This jewelry company is no gem," Hines says.

What's Jan Bell got to say? I left several messages for CEO Alan Lipton, but he never called back. The public-relations department also failed to respond to several calls.

Hines' top buy, though not his biggest projected winner, is Marcum Natural Gas. It makes state-of-the-art dispensing and control equipment for alternative fuels, such as natural gas. Though a money-loser now, it should be a major beneficiary of a big swing to natural gas, Hines says.

How does he relax? "I work; I love it!" Hines, father of three, then caught himself, saying he also coaches a Little League baseball team that's playing less than .500 ball. "It's a rebuilding process," he says. "I'm going to turn it around - just like I did with my firm."

Hines' top shorts...

Money manager David Hines lists his favorite short sales and stock buys for the next 12 months:

Company	Thurs. close	52-week high/low	12-mo. target	Pct. change
Hondo Oil & Gas	$ 8 7/8	12 7/8 / 5 5/8	$ 1	-89%
Tristar	$ 6 5/8	13 / 4 3/8	$ 1	-85%
Columbia Gas System	$ 24 5/8	25 3/4 / 15 1/8	$ 7	-72%
Alaska Air Group	$ 15 1/8	20 3/4 / 14 3/4	$ 5	-67%
Jan Bell Marketing	$ 14 1/2	23 / 12 1/2	$ 5	-66%
SciClone Pharmac.	$ 14	21 1/2 / 7 1/2	$ 5	-64%
Interactive Network	$ 10 1/2	15 1/8 / 3 1/4	$ 5	-52%
MTC Electronic Tech.	$ 9 7/8	30 / 4 7/8	$ 5	-49%

Source: Hines Management

...and his top buys

Company	Thur. close	52-week high/low	12-mo. target	Pct. change
Interactive Medical	$ 2 1/2	3 5/16 / 2	$ 12	+380%
Home Shopping Network	$ 10 1/2	10 1/8 / 4 1/8	$ 20	+90%
Pizza Inn	$ 2 3/4	3 1/4 / 11/16	$ 5	+82%
Marcum Natural Gas	$ 8 5/8	10 7/8 / 2 1/8	$ 15	+74%

Source: Hines Management

PHIC: PHOTO, b/w, Joe Tabacca, AP; PHOTO, b/w, Ted Mathias, AP

USA TODAY, June 18, 1993 PAGE 9

LANGUAGE: ENGLISH

JUN-18-93 FRI 15:33 P.02

SHC SHC SHC SHC

SMITH CAPITAL MANAGEMENT

SHC SHC SHC SHC

SHC SHC SHC SHC

June 18, 1993

Mr. Vince Foster, Jr.
Deputy Counsel to the President
Office of Counsel to the President
The White House
1600 Pennsylvania, NW
Washington, DC 20500

Dear Vince,

Relative to the Dan Dorfman column in today's *USA Today*, Rowland filled me in on your conversations.

Except the article, but because we have no control or influence on what David Hines does. He committed to me back in January that any questions that might happen to come to him about the Clintons business with my firm would be referred directly to me. Apparently, he decided to renege on that approach and try to capitalize on his employment and brief contact with the Clintons. David Hines met once with the Clintons, in my company, but of course had access to information about their accounts.

To restate my policy: During the campaign I tried the approach of not talking to the press. They simply went around me to others and printed incorrect information from sources that were uninformed, and usually competitive.

So I decided to answer questions regarding what was public knowledge, not about the First Family's business, but about Yale Partners and the investments that were public knowledge. (By building "walls" around the subjects about which I would comment, I hoped to disarm erroneous assumptions based on incomplete or incorrect information, and make certain that press reports were accurate, to the benefit of the First Family.

I believe this has worked well, particularly during the current flurry of articles and interviews regarding the holdings of healthcare stocks in Yale Partners. Without fail, I emphasized the "arms length" nature of a limited partnership, the limited contact I had with the Clintons (usually one meeting per year) and the absence of any contact since August or September of 1992. And in all have stated that never, over a period of fifteen years, have either of them tried to influence my investments in their accounts or suggest anything that could be construed as the slightest bit improper. Since the health care stock issue simply went away, apparently these interviews disarmed the problem.

SHC SHC SHC SHC

DKSN000077

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company: Abstracts
Information Bank Abstracts

WALL STREET JOURNAL

May 21, 1993, Friday

SECTION: Section A; Page 12, Column 1

LENGTH: 42 words

HEADLINE: INVESTMENT FUND FOR HILLARY CLINTON SOLD SHORT SEVERAL HEALTH-CARE STOCKS

BYLINE: BY FRED R BLEAKLEY

JOURNAL-CODE: WSJ

ABSTRACT:

Smith Capital Management, the investment fund that manages a portion of Hillary Rodham Clinton's portfolio, has sold short several health-care stocks since she became First Lady, according to fund manager Bill Smith (M)

LANGUAGE: ENGLISH

DATE: JULY 18, 1996 PAGE 12

CLIENT: MEGAN
LIBRARY: NEWS
FILE: MAJPAP

YOUR SEARCH REQUEST IS:
HEADLINE (FIRST LADY OR TOP GOVERNMENT OFFICIAL?) AND BYLINE (SAFIRE)

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 10

7TH STORY of Level 1 printed in FULL format.

Copyright 1993 The Houston Chronicle Publishing Company
The Houston Chronicle

August 17, 1993, Tuesday, 2 STAR Edition

SECTION: A; Opinion; Pg. 12

LENGTH: 762 words

HEADLINE: First lady, or top government official?

BYLINE: WILLIAM SAFIRE; Staff

BODY:
IN the weeks before Vincent Foster's death, he was working on overcoming ethical concerns about one of Hillary Rodham Clinton's assets by putting the Clintons' financial holdings into a blind trust.

The guilt-ridden deputy counsel may have mishandled a potential conflict of interest in Value Partners, an investment group in which Hillary Clinton held nearly 1 percent; her estimated share is $ 100,000.

The partnership was about 14 percent invested in health-care stocks at last year's end; it had ""short'' positions in companies ~ ~e Health Pro, Cryomedical Sciences and Bioplasty, betting their _ ..ces would drop. The partnership manager, William Smith, tells me he spoke to Foster ""three or four times'' this year.

Hillary Clinton's public pronouncements about health and her hints at the need for particular price controls had a predictable effect on stocks in that field. Foster assured her she had no conflict-of-interest problems because she was not a government employee.

Then came the lawsuit demanding she open health-reform meetings to the public. The Federal Advisory Commission Act says that such meetings can be closed if attended only by ""full-time officers and employees'' of government. White House counsel won the case by claiming Clinton was indeed a federal official for purposes of that act.

But appellate Judge Laurence Silberman put a pregnant footnote in his June 22 opinion: ""We do not need to consider whether Mrs. Clinton's presence on the Task Force violates any conflict-of-interest statutes. ''

Had Foster's victory in court subjected the first lady to a Justice Department investigation based on the Criminal Code's section 202?

Faxed about this, Counsel Bernard Nussbaum faxes back: ""The decision did not purport to affect the question whether the first lady is an officer or employee for any other purposes, including

application of the conflict of interest laws. ''

About the propriety of these holdings: ""She had no role whatsoever in the investment decisions of the fund. Its holdings included some assets that are health-related, but the total of these assets is a minor portion of the fund's entire portfolio -- to our knowledge, less than 10 percent. Foster was aware of these facts. The matter was not discussed with the Office of Legal Counsel. ''

Reasonable ethicists will grant that Hillary Clinton's health-related holdings are, as Nussbaum writes, ""clearly insubstantial, because they are both a small amount of money and an insignificant part of the Clintons' total assets. '' Nobody suggests she was out to make a buck on short sales of medical stocks.

But what may well have contributed to Foster's gloom was the need to protect the first lady from the consequences of his FACA victory with legal legerdemain. His solution was to put this active official outside the reach of the law.

Section 203 specifically exempts the president and the vice president from the conflict-of-interest law. Adds the redoubtable, likable Nussbaum: ""It is the view of the White House counsel, consistent with the views of prior administrations, that the first lady, like the president, is not covered by the conflict of interest statutes and regulations. ''

It's the Foster-Nussbaum doctrine, not the law. The non-coverage of this most governmentally energetic first lady was not sanctioned by Congress, not approved by the courts, not even reviewed by the Justice Department.

Justice's much-ignored Office of Legal Counsel, once led by such luminaries as Chief Justice William Rehnquist and Justice Antonin Scalia, was again bypassed by the White House. (The de facto boss at Justice, Hillary's former law partner, Webster Hubbell, even took over the poor guy's office space.) Nussbaum says that President Reagan's Office of Legal Counsel ""opined that the first lady was not subject to these laws'' -- as if Nancy Reagan ever claimed to be a government official for any purpose.

The blind trust finalized three days after Foster's death does not clean up a half-year's dealings of an asset that a lawyer sensitive to the appearance of conflict should have ordered divested on Inauguration Day.

What must have added to Foster's mental burdens? Not the money made by Hillary Clinton's $ 14,000 piece of health stocks; that's chicken feed. It was the trap set for her by her own counsel: She must seek to join the president and vice president as the only full-time government officials exempt from the conflict-of-interest law.

The Houston Chronicle, August 17, 1993

LANGUAGE: ENGLISH

TYPE: Editorial Opinion

NOTES: Safire is a Pulitzer Prize-winning columnist of the New York Times.

LOAD-DATE: August 18, 1993

997 F.2d 898 printed in FULL format.

Association of American Physicians and Surgeons, Inc., et al., Appellees v. Hillary Rodham Clinton, et al., Appellants Association of American Physicians and Surgeons, Inc., et al., Appellants v. Hillary Rodham Clinton, et al., Appellees

No. 93-5086, No. 93-5092

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

997 F.2d 898; 1993 U.S. App. LEXIS 14831; 21 Media L. Rep. 1705; 302 U.S. App. D.C. 208

April 30, 1993, Argued

June 22, 1993, Decided

PRIOR HISTORY: [**1] Appeals from the United States District Court for the District of Columbia (93cv0399).

COUNSEL: Mark B. Stern, Attorney, U.S. Department of Justice, argued the cause for appellants/cross-appellees Hillary Rodham Clinton, et al. With him on the briefs were J. Ramsey Johnson, United States Attorney, Stuart E. Schiffer, Acting Assistant Attorney General, Robert E. Kopp, Patricia A. Millett, and Malcolm L. Stewart, Attorneys, U.S. Department of Justice. Stuart M. Gerson, Attorney, U.S. Department of Justice, entered an appearance for appellants/cross-appellees.

Kent Masterson Brown argued the cause for appellees/cross-appellants Association of American Physicians and Surgeons, Inc., et al. With him on the briefs were Frank M. Northam and Alan P. Dye.

Steven R. Ross, General Counsel, and Charles Tiefer, Deputy General Counsel, Office of General Counsel, United States House of Representatives, filed the brief for amicus curiae Speaker and Bipartisan Leadership Group.

Ronald A. Zumbrun, Anthony T. Caso, and Robin L. Rivett filed the brief for amici curiae Pacific Legal Foundation and the National Taxpayers Union.

Jane E. Kirtley, [**2] J. Laurent Scharff, James E. Grossberg, Richard M. Schmidt, Jr., Allan R. Adler, Bruce W. Sanford, Henry S. Hoberman, and Whitney M. Adams filed the brief for amici curiae Reporters Committee for Freedom of the Press, et al.

Joseph Gregory Sidak filed the brief for amicus curiae J. Gregory Sidak.

Samuel B. Wallace, IV, filed the brief for amicus curiae Samuel B. Wallace, IV.

JUDGES: Before: Silberman, Buckley, and Williams, Circuit Judges. Opinion for the Court filed by Circuit Judge Silberman. Opinion concurring in the judgment filed by Circuit Judge Buckley.

OPINIONBY: SILBERMAN

OPINION: [*900] Silberman, Circuit Judge: This expedited appeal presents the question whether the President's Task Force on National Health Care Reform ("Task Force") and its working group are advisory committees for purposes of the Federal Advisory Committee Act ("FACA"). If they are, we are asked to decide whether FACA unconstitutionally encroaches on the President's Article II executive powers. We hold that the Task Force is not an advisory group subject to FACA, but remand to the district court for further proceedings to determine the status of the working group.

I.

On January 25, 1993, President Clinton [**3] established the President's Task Force on National Health Care Reform. The President named his wife, Hillary Rodham Clinton, as the chairman of the Task Force, and appointed as its other members the Secretaries of the Treasury, Defense, Veterans Affairs, Health and Human Services, Labor, and Commerce Departments, the Director of the Office of Management and Budget, the chairman of the Council of Economic Advisers, [*901] and three White House advisers. President

Clinton charged this body with the task of "listening to all parties" and then "preparing health care reform legislation to be submitted to Congress within 100 days of our taking office." 29 Weekly Comp. Pres. Doc. 96 (Feb. 1, 1993).

On the same day, the President also announced the formation of an interdepartmental working group. According to the government, the working group was responsible for gathering information and developing various options on health care reform. It was composed of three types of members: (i) approximately 300 permanent federal government employees drawn from the Executive Office of the President, the federal agencies, and Congress; (ii) about 40 "special government employees" hired by the agencies and the [**4] Executive Office of the President for a limited duration; and (iii) an unknown number of "consultants" who, it is asserted, "attend working group meetings on an intermittent basis." Ira Magaziner, the senior adviser to the President for Policy Development, headed the working group and was the only member of the Task Force who attended the group's meetings.

According to the government, the working group had no contact with the President. In addition to gathering information, the working group developed alternative health care policies for use by the Task Force. But only the Task Force, it was contemplated, would directly advise and present recommendations to the President. On March 29, 1993, the Task Force held one public hearing where interested parties could present comments on health care reform. See *58 FR 16,264 (1993)*. However, the Task Force met behind closed doors at least 20 times in April and May to "formulate" and "deliberate" on its advice to the President. As the government publicly has announced, in those meetings "the Task Force reviewed materials it received from the interdepartmental working group; formulated proposals and options [**5] for health care reform; and presented those proposals and options to the President." Statement of the White House Press Secretary (June 4, 1993). In accordance with its charter, the Task Force then terminated its operations on May 30. n1 All of the working group's meetings remained closed to the public.

n1 The Task Force's "termination" does not render this case moot. As both parties, in anticipation of this event, agreed before oral argument, this case still presents a live controversy concerning the availability of Task Force and working group documents, which the appellees sought below pursuant to FACA.

Appellees are the Association of American Physicians and Surgeons, which represents physicians; the American Council for Health Care Reform, which represents health care consumers; and the National Legal & Policy Center, which seeks to promote ethics in government. They sought access to the Task Force's meetings under the Federal Advisory Committee Act. Pub. L. No. 92-463, 86 Stat. 770 (1972) (reproduced at *5 U.S.C. App. 1* [**6] (1988)). Their efforts were rebuffed by the Counsel to the President, who informed them that the Task Force was not an advisory committee subject to FACA.

Appellees thereupon brought suit against the Task Force in district court. They claimed that the Task Force was a FACA committee because it was chaired by Mrs. Clinton, a private citizen, and that the Task Force had violated FACA by failing to file an advisory committee charter. They further asserted that FACA permitted them to attend all of the meetings of the Task Force and of any of its subgroups. Appellees sought a temporary restraining order and a preliminary injunction halting the operation of the Task Force until it complied with FACA and allowed the public to attend its meetings. The government responded that the Task Force was exempt from FACA because all of its members--including Mrs. Clinton--were government officers and employees. The government alternatively challenged any application of FACA to the Task Force as an unconstitutional infringement on the President's executive power.

In a memorandum opinion issued on March 10, 1993, the district court granted in part appellees' motion for a preliminary injunction. The [**7] court determined that appellees had a substantial likelihood of success on the merits. Mrs. Clinton, the court held, was not an officer or employee of the federal government merely by virtue of her status as "First Lady." Therefore, the Task Force [*902] could not qualify for an exemption from FACA as an advisory group composed solely of "full-time officers or employees" of the government. See Association of Am. Physicians & Surgeons v. Hillary Rodham Clinton, Civil Action No. 93-0399, Mem. Op. at 16-17 (D.D.C. March 10, 1993) ("Mem. Op."); see also *5 U.S.C. App. 1* § 3(2)(iii). The court, however, agreed with the government that FACA encroached on the President's constitutional authority to receive confidential advice for the purpose of recommending legislation. But the court thought that executive prerogatives were implicated only when the Task Force was advising the President, not when it engaged in information-gathering. The district court accordingly granted a preliminary injunction requiring the Task Force to meet all the requirements of FACA except when it met to formulate advice or recommendations for the President.

As to the working group, [**8] the district court concluded that appellees had failed to state a claim under Fed. R. Civ. P. 12(b)(6) that the subordinate body was covered by FACA. Relying on *National Anti-Hunger Coalition v. Executive Committee, 557 F. Supp. 524* (D.D.C.), aff'd, *229 U.S. App. D.C. 143, 711 F.2d 1071 (D.C. Cir. 1983)*, the court held that the working group was not an advisory committee because it was engaged in fact-gathering and did not provide advice directly to the President. The court denied appellees motion for expedited discovery concerning the actions and status of the working group, but nevertheless determined that there were no issues of material fact and that it could have dismissed on summary judgment grounds as well. Mem. Op. at 15 n.11.

The government filed this appeal on March 22, 1993. Appellees subsequently filed a cross-appeal. We have jurisdiction to review a grant of a preliminary injunction under *28 U.S.C. § 1292*(a), and we expedited the appeal due to the short time frame within which the Task Force and the working group operated.

II.

The government, as appellant and cross-appellee, and the plaintiffs [**9] below, as appellees and cross-appellants, together challenge much of the district court's ruling. The government takes issue primarily with the court's determination that Mrs. Clinton is not an "officer or employee" for purposes of section 3(2) of FACA. It is claimed that as the "First Lady," Mrs. Clinton is the functional equivalent of a government officer or employee, that the Task Force, therefore, is composed solely of full-time government officials--indeed officers drawn from among the President's closest official advisers--and that thus the Task Force is exempt from FACA. In the alternative, the government reiterates its claim that FACA cannot be applied constitutionally to the Task Force. We are urged, in that regard, to discard the distinction drawn by the district court between the information-gathering function of the Task Force and its role in advising the President. As would be expected, the government is content with the district court's ruling concerning the status of the working group, and it argues that the district court's dismissal of appellees' claim is an unappealable interlocutory order.

Appellees, on the other hand, support the district court's determination [**10] that FACA covers the Task Force because Mrs. Clinton is not an officer or employee of the federal government. However, they challenge the court's ruling as to the status of the working group, which they contend is also covered by FACA. They further maintain that applying FACA to either body raises no serious constitutional issues, and, in any event, that the district court prematurely decided the constitutional issue. Appellees also contend that the court should have permitted discovery, which would have shown more clearly the FACA status of both groups, and that a straightforward application of FACA's procedural requirements would not curtail the President's constitutional powers.

We first consider the status of the Task Force and then turn to the working group issues.

III.

Congress passed FACA in 1972 to control the growth and operation of the "numerous committees, boards, commissions, councils, [*903] and similar groups which have been established to advise officers and agencies in the executive branch of the Federal Government." *5 U.S.C. App. I*, § 2(a). As Congress put it, FACA's purpose was: to eliminate unnecessary advisory committees; to limit the [**11] formation of new committees to the minimum number necessary; to keep the function of the committees advisory in nature; to hold the committees to uniform standards and procedures; and to keep Congress and the public informed of their activities. See id. § 2(b)(1)-(6). The statute orders agency heads to promulgate guidelines and regulations to govern the administration and operations of advisory committees. See id. § 8.

FACA places a number of restrictions on the advisory committees themselves. Before it can meet or take any action, a committee first must file a detailed charter, see id. § 9(c). The committee must give advance notice in the Federal Register of any meetings, see id. § 10(a)(2); and it must hold all meetings in public, see id. § 10(a)(1). Under section 10, the committee must keep detailed minutes of each meeting, see id. § 10(c), and make the records available--along with any reports, records, or other documents used by the committee--to the public, provided they do not fall within the exemptions of the Freedom of Information Act (FOIA), see id. § 10(b). Under section 5, an advisory committee established by the President or by legislation [**12] must be "fairly balanced in terms of the points of view represented," id. § 5(b)(2). n2 The Act also requires that precautions be taken to ensure that the advice and recommendations of the committee "will not be inappropriately influenced by the appointing authority or by any special interest." Id. § 5(b)(3).

n2 FACA's "balanced viewpoint" requirement may not be justiciable, however, because it does not provide a standard that is susceptible of judicial appli-

cation. See *Public Citizen v. National Advisory Comm., 885 F.2d 419, 426 (D.C. Cir. 1989)* (Silberman, J., concurring).

The Act's definition of an "advisory" committee is apparently rather sweeping. Section 3 states:

The term "advisory committee" means any committee, board, commission, council, conference, panel, task force, or other similar group, or any subcommittee or other subgroup thereof (hereinafter in this paragraph referred to as "committee"), which is ... (B) established or utilized by the President ... in [**13] the interest of obtaining advice or recommendations for the President or one or more agencies or officers of the Federal Government.

Id. § 3(2). The government does not contend that the Task Force was not "established" or "utilized" by the President in the interest of obtaining advice or recommendations. FACA's definition contains one important proviso, however. Section 3(2)(iii) exempts "any committee which is composed wholly of full-time officers or employees of the Federal Government." And, according to the government, the Task Force was not only wholly composed of government officers, it was actually (like the Task Force we encountered in *Meyer v. Bush, 299 U.S. App. D.C. 86, 981 F.2d 1288 (D.C. Cir. 1993)*) a partial, yet somewhat augmented, cabinet grouping. Thus, subjecting the Task Force to FACA would fall outside Congress' purpose of regulating the growth and use of committees composed of outsiders called in to advise government officials. Appellees would have no quarrel with the government's characterization of the Task Force, except for the description of its chairman, Mrs. Clinton. Appellees contend that she is not an officer or employee of the federal government [**14] despite her traditional and ceremonial status as "First Lady." This is not just a technicality according to appellees; she is statutorily barred from appointment as an officer because of the Anti-Nepotism Act. See *5 U.S.C. § 3110*(b).

The district court, finding no definition of officer or employee of the federal government in FACA itself, quite reasonably turned to Title 5 of the U.S. Code to find a definition. See *5 U.S.C. §§ 2104* & 2105. An officer or employee according to those sections must be: (i) appointed to the civil service; (ii) engaged in the performance of a federal function; and (iii) subject to supervision by a higher elected or appointed official. As the district court held, and as appellees correctly point out, Mrs. Clinton has not been appointed to the civil service. Reading these definitions [*904] in pari materia with FACA would seem to suggest that the Task Force is not exempt.

Nevertheless, it is true, as the government insists, that Congress did not adopt explicitly all of Title 5's definitions in FACA. FACA is not part of Title 5, which was enacted six years before FACA's passage, [**15] see Pub. L. No. 89-554, 80 Stat. 378 (1966), but, instead is only temporarily housed there as an appendix. Typically, when Congress wishes to add a statute to Title 5, it amends the Title. See, e.g., Government in the Sunshine Act, § 3(a), Pub. L. No. 92-409, 90 Stat. 1241 (1976); Privacy Act of 1974, Pub. L. No. 93-579, 88 Stat. 1896 (1974). It did not do so when it passed FACA, but at that time it specifically did adopt certain Title 5 definitions. For example, adjacent to the definition of an advisory committee is FACA's definition of an agency, which incorporates the definition in Title 5: " 'agency' has the same meaning as in section 551(1) of title 5, United States Code." *5 U.S.C. App. 1, § 3*(3). But Congress actually deleted from the Senate version of FACA definitions of "officer" and "employee" that paralleled those of sections 2104 and 2105. See H.R. Rep. No. 1403, 92d Cong., 2d Sess. (1972), reprinted in 1972 U.S. Code Cong. & Admin. News 3508, 3509. And the Code contains another definition of a federal officer which tends to support the government's position. Title 1 provides that a federal officer "includes any person authorized [**16] by law to perform the duties of the office." *1 U.S.C. § 1*. That definition could cover a situation in which Congress authorizes someone who is not formally an officer (such as the President's spouse) to perform federal duties. Even if, as our concurring colleague argues, Mrs. Clinton does not occupy an "office" specifically created by Congress, she could still be regarded as an "employee."

The government would have us conclude that the traditional, if informal, status and "duties" of the President's wife as "First Lady" gives her de facto officer or employee status. The government invokes what it describes as "a longstanding tradition of public service" by First Ladies--including, we are told, Sarah Polk, Edith Wilson, Eleanor Roosevelt, Rosalynn Carter, and Nancy Reagan--who have acted (albeit in the background) as advisers and personal representatives of their husbands. We are not confident that this traditional perception of the President's wife, as a virtual extension of her husband, is widely held today. As this very case suggests, it may not even be a fair portrayal of Mrs. Clinton, who certainly is performing more openly than is typical [**17] of a First Lady. Indeed, in the future we may see a male presidential spouse, which could make the term "First Lady" anachronistic.

More persuasive, however, is the government's ar-

gument that Congress itself has recognized that the President's spouse acts as the functional equivalent of an assistant to the President. The legislative authorization to the President to pay his White House aides includes the following provision:

Assistance and services authorized pursuant to this section to the President are authorized to be provided to the spouse of the President in connection with assistance provided by such spouse to the President in the discharge of the President's duties and responsibilities. If the President does not have a spouse, such assistance and services may be provided for such purposes to a member of the President's family whom the President designates.

3 U.S.C. § 105(e) (emphasis added). Of course, even without section 105(e), the President presumably could draw upon his spouse for assistance. The statute's importance, rather, lies in its assistance in helping us interpret the ambiguous terms of FACA in pari materia. [**18]

It may well be, as appellees argue, that many in Congress had in mind "ceremonial duties," but we do not think the presidency can be so easily divided between its substantive political and ceremonial functions. In any event, section 105(e) neither limits the particular kind of "assistance" rendered to the President, nor circumscribes the types of presidential duties and responsibilities that are to be aided. We see no reason why a President could not use his or her spouse to carry out a task that the President might delegate to one of his White House aides. It is reasonable, therefore, to construe section [*905] 105(e) as treating the presidential spouse as a de facto officer or employee. Otherwise, if the President's spouse routinely attended, and participated in, cabinet meetings, he or she would convert an all-government group, established or used by the President, into a FACA advisory committee.

Pursuant to this section, moreover, the President's spouse is supported by a substantial staff who are undeniably full-time government officers or employees. Therefore, the President could have--as the government points out--easily designated Mrs. Clinton's chief of staff as a member of the [**19] Task Force, perhaps even as the chairman, who would then be expected to report to Mrs. Clinton. It would seem quite anomalous to conclude that FACA would apply if the President's spouse were a member of the committee, but not if her chief of staff were the actual member.

The President's implicit authority to enlist his spouse in aid of the discharge of his federal duties also undermines appellees' claim that treating the President's spouse as an officer or employee would violate the anti-nepotism provisions of *5 U.S.C. § 3110*. That section prohibits any "public official" from appointing or employing a relative, such as a spouse, "in the agency in which he is serving or over which he exercises jurisdiction or control." Id. § 3110(b). Although section3110(a)(1)(B) defines agency as "an executive agency," we doubt that Congress intended to include the White House or the Executive Office of the President. *Cf. Franklin v. Massachusetts, 120 L. Ed. 2d 636, 112 S. Ct. 2767, 2775 (1992)* (holding that President is not "agency" for purposes of Administrative Procedure Act); *Meyer, 981 F.2d at 1298* (President's [**20] advisers are not "agency" under FOIA); *Armstrong v. Bush, 288 U.S. App. D.C. 38, 924 F.2d 282, 289 (D.C. Cir. 1991)* (President not APA "agency"). So, for example, a President would be barred from appointing his brother as Attorney General, but perhaps not as a White House special assistant. Be that as it may, it is not reasonable to interpret that provision to bring it into conflict with Congress' recognition of (and apparent authorization for) the President's delegation of duties to his spouse. The anti-nepotism statute, moreover, may well bar appointment only to paid positions in government. See *5 U.S.C. § 3110*(c). Thus, even if it would prevent the President from putting his spouse on the federal payroll, it does not preclude his spouse from aiding the President in the performance of his duties.

In sum, the government musters a strong argument in support of its interpretation of "full-time officer or employee" under FACA as including the President's spouse--whether or not a "First Lady." But it is by no means overwhelming. Indeed, the government is uncomfortable at having to choose whether Mrs. Clinton should be thought of as an officer [**21] or employee. The government's discomfort is quite understandable. Mrs. Clinton has not in any sense been appointed or elected to office, and, assuming she is an officer under Title 1, due to the duties delegated to her under *3 U.S.C. § 105*(e), how, one might ask, could she be removed? All officers and employees of the United States, except the Vice President, can be removed, at least for cause, through the ultimate authority of the President. We suppose the President could withdraw any or all authority delegated to his spouse, but then he would be left without the official assistance of any family member. The very provision authorizing the delegation to the spouse provides for a delegation to another member of the President's family only "if the President does not have a spouse." *3 U.S.C. § 105*(e) (emphasis added). That language seems to present the President with rather extreme alternatives.

What is more, section 105(e) would seem to apply

whether or not the President's spouse held another job that an officer or employee of the government could not possibly hold. Suppose, for instance, that the President's [**22] spouse was counsel to a major law firm and spent a good portion of his or her time practicing law. Presumably, the spouse would still be authorized to provide assistance to the President under section 105(e) and would, thereby, also be an officer or employee of the government. The government suggests that this hypothetical does not create a problem under FACA, because a spouse in that situation, whether or not an [*906] officer or employee, would not be full-time and so would not qualify for the exemption. But that answer may be too facile. How would we determine how much or what kind of outside activity was inconsistent with full-time status?

Suffice it to say that the question whether Mrs. Clinton's membership on the Task Force triggers FACA is not an easy one. n3 The government argues, therefore, that we should construe the statute not to apply here, because otherwise we would face a serious constitutional issue. The Supreme Court has noted many times that "where an otherwise acceptable construction of a statute would raise serious constitutional problems, the Court will construe the statute to avoid such problems unless such construction is plainly contrary to the intent of Congress." [**23] *Public Citizen v. Department of Justice, 491 U.S. 440, 466, 105 L. Ed. 2d 377, 109 S. Ct. 2558 (1989)* (quoting *Edward J. DeBartolo Corp. v. Florida Gulf Coast Building & Construction Trades Council, 485 U.S. 568, 575 (1988)).* Only a few years ago the Court employed that very maxim of statutory construction to avoid applying FACA to the ABA committee that advised the Attorney General on the qualifications of prospective federal judicial nominees. See id. The government there argued that applying FACA would impair the effectiveness of the committee's deliberations (by exposing them to public examination), and thus would interfere with the advice that the committee provided to the Attorney General and ultimately, it was assumed, to the President. Such interference would encroach on the President's appointment power--his sole responsibility to nominate federal judges. n4 In order to escape that constitutional question, the Court held that the ABA committee was not "utilized" by the President because it was established and run by a private organization, even though the Act covers advisory committees established or utilized by the executive branch. See [**24] id. at 455-65. The Court adopted, we think it is fair to say, an extremely strained construction of the word "utilized" in order to avoid the constitutional question. The gravity of the constitutional issue was revealed by the three concurring justices who were unable to accept the Court's statutory construction and believed that FACA was unconstitutional as applied to the ABA committee. Id. at 467-89 (Kennedy, J., concurring).

n3 It is not clear how FACA applies if only one member of an advisory committee is not a full-time government officer or employee. How does the government carry out its obligation to ensure that the committee is "fairly" balanced in terms of the points of view represented?

n4 Ironically, the ABA committee's role in advising administrations as to the qualifications of putative judges has over the years become more of an impediment (reflecting certain ABA institutional and, perhaps, political interests) than an aid to Presidents. R. Marcus & S. Torry, ABA Judicial Evaluation Again Under Fire, Wash. Post, May 7, 1989, A6; M. Thornton, The ABA's Judgments on Judges, Wash. Post, Sept. 25, 1987, A23.

[**25]

It is, of course, necessary before considering the maxim of statutory construction to determine whether the government's constitutional argument in this case is a powerful one. In other words, are we truly faced, as the Court thought it was in Public Citizen, with a grave question of constitutional law? The government relies primarily on the claim that an explicit presidential power is implicated. Article II of the Constitution provides that the President "shall from time to time give to the Congress Information of the State of the Union, and recommend to their Consideration such Measures as he shall judge necessary and expedient." U.S. Const. art. II, § 3, cl.1. According to the government, this clause gives the President the sole discretion to decide what measures to propose to Congress, and it leaves no room for congressional interference. To exercise this power, the government claims, the President also must have the constitutional right to receive confidential advice on proposed legislation.

Under the government's theory, FACA would interfere with the President's unbounded discretion to propose legislation. President Clinton formed the Task Force specifically to recommend [**26] legislation dealing with health care reform. FACA's requirement of public meetings would inhibit both [*907] candid discussion within the Task Force and its presentation of advice to the President. Challenging the district court's ruling, the government argues that this encroachment occurs regardless of whether the Task Force is engaged in information-gathering or internal deliberation. In either situation, the glare of publicity would inhibit the free

flow of frank advice and would handicap the President's ability to develop legislation.

Appellees point out that the concurring opinion in Public Citizen commanded the votes of only three justices and rely, instead, on the Court's opinion in *Morrison v. Olson, 487 U.S. 654, 101 L. Ed. 2d 569, 108 S. Ct. 2597 (1988)*. n5 Morrison upheld the Ethics in Government Act's creation of an independent counsel because it did not prevent the President "from accomplishing [his] constitutionally assigned functions," *id. at 695* (quoting *Nixon v. Administrator of General Services, 433 U.S. 425, 443, 53 L. Ed. 2d 867, 97 S. Ct. 2777 (1977)*), even though the counsel was largely immune from the executive branch's operational control [**27] (she was appointed by a panel of judges and was removable only for good cause). Applying FACA to the Task Force, according to appellees, has a rather minor impact on the institution of the presidency compared to the much greater encroachment on the President's core executive function sanctioned in Morrison.

n5 Justice Kennedy, who was recused in Morrison, was joined by Chief Justice Rehnquist and Justice O'Connor in Public Citizen. Justice Scalia, who dissented in Morrison, was, in turn, recused in Public Citizen.

Nevertheless, the government maintains that Morrison is not directly on point. Picking up on Justice Kennedy's concurrence in Public Citizen, the government contends that the Morrison Court's imprecise balancing test, which is apparently less favorable to the President, does not apply when a textual grant of presidential authority is implicated. In distinguishing Morrison, Justice Kennedy said:

Thus, for example, the relevant aspect of our decision in Morrison involved [**28] the President's power to remove Executive Officers, a power we had recognized is not conferred by any explicit provision of the text of the Constitution (as is the appointment power) but rather is inferred to be a necessary part of the grant of the "Executive Power."

Public Citizen, 491 U.S. at 484 (Kennedy, J., concurring). n6 But because Public Citizen involved the President's textually granted power to appoint federal judges, the concurrence would have struck FACA down:

n6 But see *Bowsher v. Synar, 478 U.S. 714, 721-27, 92 L. Ed. 2d 583, 106 S. Ct. 3181 (1986)* (removal power more important than appointment power in controlling subordinate officials).

Where a power has been committed to a particular Branch of the Government in the text of the Constitution, the balance already has been struck by the Constitution itself.

Id. at 486. The government argues that here, as in Public Citizen, but unlike in Morrison, we have an explicit textual delegation to the President [**29] to propose legislation.

We perceive several weaknesses in the government's position. First, the government ignores the Morrison Court's consideration of the President's Article II, section 3 responsibility to "take Care that the Laws be faithfully executed." See *Morrison, 487 U.S. 654 at 692-93, 101 L. Ed. 2d 569, 108 S. Ct. 2597*. The Court specifically recognized that the statute before it encroached upon or burdened that responsibility, but concluded that the burden was not great enough to be unconstitutional.

This is not a case in which the power to remove an executive official has been completely stripped from the President, thus providing no means for the President to ensure the "faithful execution" of the laws.... We do not think this limitation as it presently stands sufficiently deprives the President of control over the independent counsel to interfere impermissibly with his constitutional obligations to ensure the faithful execution of the laws.

Id. (emphasis added) (footnote omitted). Morrison v. Olson, thus, cannot be easily disposed of in accordance with the government's [*908] (and Justice Kennedy's) suggested distinction.

The President's constitutional [**30] duty to take care that the laws be faithfully executed, moreover, seems far greater in importance than his authority to recommend legislation. The Framers intended the Take Care Clause to be an affirmative duty on the President and the President alone. In contrast, the Recommendation Clause is less an obligation than a right. The President has the undisputed authority to recommend legislation, but he need not exercise that authority with respect to any particular subject or, for that matter, any subject. n7 Only the President can ensure that the laws be faithfully executed, but anyone in the country can propose legislation.

n7 To be sure, during the Constitutional Convention in Philadelphia, the Framers changed the language of the clause from "may recommend"

to "shall recommend." As James Madison recorded in his notes of the convention for August 24, 1787:

> On motion of Mr. Govr Morris, "he may" was struck out, & "and" inserted before "recommend" in the clause 2d. sect 2d art: X in order to make it the duty of the President to recommend, & thence prevent umbrage or cavil at his doing it.

J. Madison, Notes of Debates in the Federal Convention of 1787, 464 (G. Hunt & J. Scott, eds. 1987). Gouverneur Morris' amendment suggests that the clause was intended to squelch any congressional objections to the President's right to recommend legislation--hence the prevention of "umbrage or cavil." See J. Sidak, The Recommendation Clause, *77 Geo. L.J. 2079, 2082 (1989)*.

[**31]

The government's focus on the Recommendation Clause seems somewhat artificial. Discussions on policy--whether they take place in executive branch groups or in pure FACA advisory committees--to some extent always implicate proposed legislation. Whenever an executive branch group considers policy initiatives, it discusses interchangeably new legislation, executive orders, or other administrative directives. Thus, virtually anytime an advisory group meets to discuss a problem, it will implicate the Recommendation Clause, from which all executive branch authority to recommend legislation derives. Accordingly, if the application of FACA to groups advising the President or anyone else in the executive branch were constitutionally problematic, insofar as those groups were advising on proposed legislation, FACA would be problematic with regard to virtually all policy advice. Under that reasoning FACA would be constitutionally suspect on its face--an argument the government declined to make.

We do think that the government's alternative, albeit implicit, argument is more persuasive. Application of FACA to the Task Force clearly would interfere with the President's capacity to solicit direct [**32] advice on any subject related to his duties from a group of private citizens, separate from or together with his closest governmental associates. That advice might be sought on a broad range of issues in an informal or formal fashion. Presidents have created advisory groups composed of private citizens (sometimes in conjunction with government officials) to meet periodically and advise them (hence the phrase "kitchen cabinets") on matters such as the conduct of a war. n8 Presidents have even created formal "cabinet committees" composed in part of private citizens. n9 This case is no different. Here, the [*909] President has formed a committee of his closest advisers--cabinet secretaries, White House advisers, and his wife--to advise him on a domestic issue he considers of the utmost priority.

> n8 For example, President Johnson often sought advice from Clark Clifford and Justice Fortas, "two old and trusted friends from outside the Executive Branch," along with government officials on matters concerning the Vietnam War. See, e.g., L. Johnson, The Vantage Point: Perspectives of the Presidency 1963-1969 at 235-37 (1971)

[**33]

> n9 President Ford, in 1975, convened a "cabinet committee" composed of the Secretary of State, the Secretary of Commerce, the Secretary of Labor, the President of the AFL-CIO, and the President of the Chamber of Commerce to formulate the government's policy toward the International Labor Organization. President Carter continued the same body. See, e.g., Committee Fails to Agree on U.S. ILO Membership, Wash. Post, Oct. 13, 1977, A24. Neither President apparently acknowledged FACA's application. See, e.g., General Services Administration, Federal Advisory Committees: Fourth Annual Report of the President Covering Calendar Year 1975 at 54-55 (1976) (no mention of ILO committee in list of presidential advisory committees); see also General Services Administration, Federal Advisory Committees: Fifth Annual Report of the President Covering Calendar Year 1976 at 55-56 (1977) (same). In 1980, however, President Carter continued that structure, but explicitly recognized FACA's coverage (after the issue that gave rise to the committee--whether the United States should withdraw from the ILO--had been resolved). See Exec. Order No. 12,216, *45 FR 41,619 (1980)*.

[**34]

Applying FACA to the Task Force does not raise constitutional problems simply because the Task Force is involved in proposing legislation. Instead, difficulties arise because of the Task Force's operational proximity to the President himself--that is, because the Task Force provides advice and recommendations directly to the President. The Supreme Court has recognized that a President has a great need to receive advice confidentially:

> [There is a] valid need for protection of communications between high Government officials and those who

advise and assist them in the performance of their manifold duties; the importance of this confidentiality is too plain to require further discussion. Human experience teaches that those who expect public dissemination of their remarks may well temper candor with a concern for appearances and for their own interests to the detriment of the decisionmaking process. Whatever the nature of the privilege of confidentiality of Presidential communications in the exercise of Art. II powers, the privilege can be said to derive from the supremacy of each branch within its own assigned area of constitutional duties.

United States v. Nixon, 418 U.S. 683, 705-06, 41 L. Ed. 2d 1039, 94 S. Ct. 3090 (1974) [**35] (footnotes omitted); see also *Nixon v. Administrator of Gen. Servs., 433 U.S. 425, 441-49 (1977)*. Nixon v. Administrator of General Services further explains that the President is entitled to confidentiality in the performance of his "responsibilities" and "his office," and " 'in the process of shaping policies and making decisions.' " *433 U.S. at 449* (quoting *United States v. Nixon, 418 U.S. at 708)*. Article II not only gives the President the ability to consult with his advisers confidentially, but also, as a corollary, it gives him the flexibility to organize his advisers and seek advice from them as he wishes. In *Meyer v. Bush, 981 F.2d at 1293-97*, for example, we held that the President could create a Task Force composed of cabinet secretaries and other close advisers to study regulatory reform without having to comply with FOIA. In this regard, FACA's requirement that an advisory committee must be "fairly balanced in terms of the view represented" would--if enforceable and applied to groups of presidential advisers--restrict the President's ability to seek [**36] advice from whom and in the fashion he chooses.

The ability to discuss matters confidentially is surely an important condition to the exercise of executive power. Without it, the President's performance of any of his duties--textually explicit or implicit in Article II's grant of executive power--would be made more difficult. In designing the Constitution, the Framers vested the executive power in one man for the very reason that he might maintain secrecy in executive operations. As Alexander Hamilton wrote in the Federalist Papers:

Decision, activity, secrecy, and dispatch will generally characterise [sic] the proceedings of one man, in a much more eminent degree, than the proceedings of any greater number; and in proportion as the number is increased, these qualities will be diminished.

The Federalist No. 70, at 472 (J. Cooke, ed., 1961) (emphasis added). The Framers thus understood that secrecy was related to the executive's ability to decide and to act quickly--a quality lacking in the government established by the Articles of Confederation. If a President cannot deliberate in confidence, it is hard to imagine how he can decide and act quickly.

This Article II right [**37] to confidential communications attaches not only to direct communications with the President, but also to discussions between his senior advisers. Certainly Department Secretaries and White House aides must be able to hold confidential meetings to discuss advice they secretly will render to the President. Congress, in another context, has recognized that the President's [*910] right to confidential communications extends to meetings between his top advisers. For example, FOIA, *5 U.S.C. § 552*, exempts "the President's immediate personal staff or units in the Executive Office whose sole function is to advise and assist the President." See *Kissinger v. Reporters Comm. for Freedom of the Press, 445 U.S. 136, 156, 63 L. Ed. 2d 267, 100 S. Ct. 960 (1980)* (quoting H.R. Rep. No. 1380, 93d Cong., 2d Sess. 14 (1974)); *Meyer v. Bush, 981 F.2d at 1291-92*.

A statute interfering with a President's ability to seek advice directly from private citizens as a group, intermixed, or not, with government officials, therefore raises Article II concerns. This is all the more so when the sole ground for asserting that the statute applies is that the [**38] President's own spouse, a member of the Task Force, is not a government official. For if the President seeks advice from those closest to him, whether in or out of government, the President's spouse, typically, would be regarded as among those closest advisers.

As we have indicated, we do not place much significance on the government's claim that this sort of interference is qualitatively, in constitutional terms, more troublesome insofar as it relates to advice the President seeks concerning the exercise of an enumerated power. If we were to go on to decide the constitutionality question, we would be obliged to ask whether, in Morrison v. Olson terms, this asserted application of FACA "impermissibly" burdens executive power. Morrison tells us to balance how much the interference with the President's executive power prevents the President "from accomplishing his constitutionally assigned functions," *Morrison, 487 U.S. at 695*, against the "overriding need to promote objectives within the constitutional authority of Congress." *Nixon v. Administrator of Gen. Servs., 433 U.S. at 443*. We readily confess that this balancing [**39] test is not one that, as judges, we can apply with confidence. This is all the more reason to view the constitutional issue soberly. We are satisfied that the

application of FACA to the Task Force seriously burdens executive power. And our reading of Morrison does not lead us easily to a conclusion that the burden placed is a permissible one.

The court below correctly recognized the constitutional difficulties that FACA's application to the Task Force created. The court, therefore, ruled the Act partially unconstitutional, insofar as it was applied to the meetings in which the Task Force actually advised the President. When the Task Force was engaged in "information-gathering and information-reporting," however, the court thought that the President's constitutional interests were not so seriously implicated.

We believe it is the Task Force's operational proximity to the President, and not its exact function at any given moment, that implicates executive powers and therefore forces consideration of the Morrison test. The President's confidentiality interest is strong regardless of the particular role the Task Force is playing on any given day. Indeed, the two functions [**40] naturally interrelate and can only be divided artificially. If public disclosure of the real information-gathering process is required, the confidentiality of the advice-giving function inevitably would be compromised. If you know what information people seek, you can usually determine why they seek it. A group directly reporting and advising the President must have confidentiality at each stage in the formulation of advice to him. As we said in Meyer, "proximity to the President, in the sense of continuing interaction, is surely in part what Congress had in mind when it exempted [from FOIA] the President's "immediate personal staff.' " *981 F.2d at 1293* (citation omitted). And, as we recognized in *Soucie v. David, 145 U.S. App. D.C. 144, 448 F.2d 1067 (D.C. Cir. 1971)*, FOIA's exemption may be constitutionally required to protect the President's executive powers. In any event, the district judge decided to truncate the statute in light of constitutional concerns only because it determined that FACA applied to the Task Force.

We think the district court should have acted otherwise. Prudent use of the maxim of statutory construction allows us to avoid [**41] the difficult constitutional issue posed by this case. The question whether the President's [*911] spouse is "a full-time officer or employee" of the government is close enough for us properly to construe FACA not to apply to the Task Force merely because Mrs. Clinton is a member. We follow the Supreme Court's lead, if not its strict precedent, in recognizing that [if the Act] were "read unqualifiedly, it would extend FACA's requirements to any group of two or more persons, or at least any formal organization, from which the President or an executive agency seeks advice." *Public Citizen, 491 U.S. at 452* (footnote omitted). Because it believed that Congress could not have intended such a result, the Public Citizen majority read "utilize" to exclude the ABA committee. If the Supreme Court correctly construed the statute not to cover the advice the Attorney General receives, on behalf of the President, from the ABA, the statutory construction issue we face should be resolved a fortiori in favor of the government.

We, therefore, read the phrase "full-time officer or employee of the government" in FACA to apply to Mrs. Clinton. In doing so, we express no [**42] view as to her status under any other statute. n10

n10 We do not need to consider whether Mrs. Clinton's presence on the Task Force violates the Hatch Act, *5 U.S.C. § 7324*(a), the Anti-Deficiency Act, *31 U.S.C. § 1342*, or any conflict of interest statutes.

IV.

The district court, having concluded that the Task Force was a FACA advisory committee, dismissed under Rule 12(b)(6) appellees' claim that the working group was also covered by FACA. The court thought that under *National Anti-Hunger Coalition v. Executive Committee, 557 F. Supp. 524* (D.D.C.), aff'd, *229 U.S. App. D.C. 143, 711 F.2d 1071 (D.C. Cir. 1983)* ("Anti-Hunger "), subgroups of a FACA committee should be regarded as staff of the advisory committee and not as advisory committees themselves. See *Anti-Hunger, 557 F. Supp. at 529*. Based on Mr. Magaziner's affidavit, the district court determined that the working [**43] group merely gathered information to be passed on to the Task Force. Appellees cross-appeal the district court's ruling and its corollary refusal to permit further discovery into the status and operations of the working group.

The government challenges our jurisdiction to consider the cross-appeal because the district court's rulings on the working group are neither independent final judgments, nor covered by the preliminary injunction against the Task Force which is before us on an interlocutory appeal pursuant to *28 U.S.C. § 1292*(a). We have said that our jurisdiction over an interlocutory appeal, however, is considerably broader:

Review quite properly extends to all matters inextricably bound up with the remedial decision .... The scope of review may extend further to allow disposition of all matters appropriately raised by the record, including entry of final judgment. Jurisdiction of the interlocutory

appeal is in large measure jurisdiction to deal with all aspects of the case that have been sufficiently illuminated to enable decision by the court of appeals without further trial court development.

Wagner v. Taylor, 266 U.S. App. D.C. 414, 836 F.2d 578, 585 (D.C. Cir. 1987) [**44] (emphasis added) (quoting *Energy Action Educational Found. v. Andrus, 210 U.S. App. D.C. 20, 654 F.2d 735, 745 n. 54 (D.C. Cir. 1980)*, rev'd on other grounds, *454 U.S. 151 (1981))*; see also 16 C. Wright, A. Miller, E. Cooper & E. Gressman, Federal Practice & Procedure § 3921, at 17-20 (1977). The district court's final disposition of the claim against the working group was "bound up" with its reasons for granting the injunction against the Task Force. Once it is determined that the Task Force is not covered by FACA, the implicit analytical premises of the district court's decision as to the working group are removed. Moreover, had the district court determined, as have we, that the claim against the Task Force was invalid and then also dismissed the claim against the working group, the latter unquestionably would be appealable as well. Under these circumstances, we think it is appropriate to consider the cross-appeal. n11

n11 The lower court dismissed appellees' claim under Rule 12(b)(6) because it found that appellees had failed to state a claim upon which relief could be granted. Mem. Op. at 15. It also noted that it could have dismissed appellees' claims under Fed. R. Civ. P. 56, because appellees had failed to state that further discovery was necessary before summary judgment could be granted. Id. at 15 n.11. As we will discuss, the legal basis for the Rule 12(b)(6) ruling, or a Rule 56 ruling, was incorrect. Furthermore, contrary to the district court's decision, Rule 56 does not require a party to state in its discovery motion that discovery is necessary before a court may rule on summary judgment. Indeed, a party's filing of a discovery motion would seem implicitly to assert just that. But under Rule 12(b)(6), once the Magaziner affidavit was filed and considered the district judge was obliged to permit reasonable discovery as to the facts set forth in the affidavit. See *First Chicago Int'l v. United Exchange Co., 836 F.2d 1375, 1380 (D.C. Cir. 1988)*.

[**45]

[*912] As it argued below, the government claims that the working group is not in contact with the President and is not, therefore, "utilized" by him. That seems to us a strange argument. There are two exceptions to FACA's inclusion of all presidential advisory groups: (i) where the advisory committee is independently established and operated by a private organization, see *Public Citizen, 491 U.S. 440 at 457-59, 105 L. Ed. 2d 377, 109 S. Ct. 2558* ; and (ii) where the group is composed wholly of full-time government officials. See *5 U.S.C. App. 1*, § 3(2)(iii). We have construed the second exception here to extend to a cabinet committee that includes the First Lady. The government now presses upon us a third exception, one for advisory committees that do not meet face-to-face with the President. The government's argument, however, conflicts with the serious constitutional concerns we have recognized concerning the Task Force. The statute cannot be properly interpreted as applying only to those advisory committees, established in the Executive Office of the President, that present the most delicate constitutional problems. n12 Otherwise, the government's argument [**46] effectively would render almost all presidential advisory committees free from FACA. Committees in direct contact with the President implicate the President's executive power and hence cannot be covered by FACA, while committees not directly in contact are not "utilized." In any event, the statutory language does not remotely support the government. Not only does FACA define an advisory committee as a task force or "any subcommittee or other subgroup thereof," *5 U.S.C. App. 1*, § 3(2), but it also specifies that an advisory committee is a group that is either established or utilized by the President. See id. Certainly the President can establish an advisory group that he does not meet with face-to-face. In Public Citizen the Court did not suggest that FACA could be avoided merely because the ABA committee communicated with the Justice Department rather than with the President.

n12 The government, only at oral argument, and rather tentatively, suggested that application of FACA to any advisory groups established and utilized by the President, because they advise someone in the Executive Office of the President, raises constitutional problems. We do not think we should entertain a constitutional argument of such enormous significance made in so glancing a fashion. After all, it could be thought to come close to an argument that the government disavowed--that FACA is unconstitutional on its face.

[**47]

The district court accepted a variation of the government's argument by concluding that the working group was not really a subgroup of the Task Force within the meaning of FACA, but rather only staff to the Task Force. The court relied, as we noted, on the Anti-Hunger case, in which we affirmed Judge Gesell's de-

cision to similarly treat subordinate working groups operating under the Executive Committee of the Private Sector Survey. Although we affirmed the decision, we did not explicitly approve the judge's reasoning relating to the supposed staff groups; rather, we rejected an effort to challenge his decision based on new information not in the record. See *National Anti-Hunger Coalition v. Executive Committee, 229 U.S. App. D.C. 143, 711 F.2d 1071, 1075 (D.C. Cir. 1983)*. In any event, Anti-Hunger presented crucially different facts. That case involved the Executive Committee of the Private Sector Survey, formed by President Reagan to obtain management and cost control advice from the private sector. The Executive Committee, composed of 150 private citizens, had a subcommittee composed of 30 members and also had 36 task forces that performed the preliminary work of [**48] the survey. *Anti-Hunger, 557 F. Supp. at 525-26*. The government conceded, in that litigation, that the Executive Committee and the subcommittee were both FACA committees and it [*913] was only thereafter that the district court determined that the task forces were not FACA committees, but staff.

Our conclusion that the Task Force is a committee wholly composed of government officials makes this case entirely different. In contrast to the situation here, in Anti-Hunger the top levels of the outside advisory groups were covered by FACA--both the executive committee of 150 and the subcommittee of 30. In that scenario, there is less reason to focus on subordinate advisers or consultants who are presumably under the control of the superior groups. It is the superior groups, after all, that will give the advice to the government, and which, in accordance with the statute, must be "reasonably" balanced. But when the Task Force itself is considered part of the government--due to the government officials exemption--we must consider more closely FACA's relevance to the working group. For it is the working group now that is the point of contact between the public [**49] and the government. The district court's conclusion that the working group could be disregarded as staff depended on its determination that the Task Force was covered by FACA. Our disagreement with the district court on the latter issue therefore compels a different analysis of the working group's status.

Alternatively, the government argues that the working group is not, as a matter of law, a FACA advisory committee because it is not expected to offer consensus advice. In making this argument, the government relies on a regulation issued by the General Services Administration:

> The following are examples of advisory meetings or groups not covered by the Act or this subpart; ... (i) Any meeting initiated by a Federal official(s) with more than one individual for the purpose of obtaining the advice of individual attendees and not for the purpose of utilizing the group to obtain consensus advice or recommendations. However, agencies should be aware that such a group would be covered by the Act when an agency accepts the group's deliberations as a source of consensus advice or recommendations.
>
> 41 C.F.R. § 101-6.1004(i) (1992).

As we have so often noted, we do not defer to an agency's [**50] construction of a statute interpreted by more than one agency, see, e.g., *FLRA v. Department of Treasury, 280 U.S. App. D.C. 236, 884 F.2d 1446, 1451 (D.C. Cir. 1989)*, let alone one applicable to all agencies, see *Reporters Comm. for Freedom of the Press v. Department of Justice, 259 U.S. App. D.C. 426, 816 F.2d 730, 734 (D.C. Cir. 1987)*, rev'd on other grounds, *489 U.S. 749, 103 L. Ed. 2d 774, 109 S. Ct. 1468 (1989)*. Nevertheless, we think the government's regulation expresses a concept similar to one that we find embedded in the statute. It is not so much that a group is not a FACA advisory committee unless it gives "consensus" advice. To be sure, many committees are convened with that expectation. See, e.g., The Commission on the Future of Worker-Management Relations, *58 FR 27,311 (1993)*. Others, however, are established presumably with the full expectation that the positions to be taken and the advice to be offered may well be sharply divided. See, e.g., The Presidential Commission or the Assignment of Women in the Armed Forces, *57 FR 49,394 (1992)*. And since one of the purposes of FACA is to [**51] achieve some balance, and thereby diverse views on advisory committees, it would be passing strange if FACA only applied to those committees that would offer consensus recommendations.

The point, it seems to us, is that a group is a FACA advisory committee when it is asked to render advice or recommendations, as a group, and not as a collection of individuals. The group's activities are expected to, and appear to, benefit from the interaction among the members both internally and externally. Advisory committees not only provide ideas to the government, they also often bestow political legitimacy on that advice. As the House Committee that investigated advisory committees before FACA's passage stated: "The work product of a committee composed of distinguished and knowledgeable individuals appointed by the President to advise him is presumed to have value and should be considered." [*914] H.R. Rep. No. 1731, 91st Cong., 2d Sess. 12 (1970).

Advisory committees are not just mechanisms for

transmitting policy advice on a particular subject matter to the government. These committees also possess a kind of political legitimacy as representative bodies. Membership on a committee is often highly [**52] prized and sought after because it carries recognition and even prestige. When the executive branch endorses its advice and seeks to promote the policy course suggested by the committee, the executive branch draws upon the committee's political legitimacy. Congress' effort to ensure that these committees are balanced in terms of viewpoint recognizes their usefulness for political (and patronage) purposes. But committees bestow these various benefits only insofar as their members act as a group. The whole, in other words, must be greater than the sum of the parts.

Thus, an important factor in determining the presence of an advisory committee becomes the formality and structure of the group. Judge Gesell, in another district court case, *Nader v. Baroody, 396 F. Supp. 1231 (D.D.C. 1975)*, seems to have approached the same notion by focusing on the word "established" in FACA. Nader involved meetings between an assistant to the President and a changing slate of federal officials and private sector groups. See id. The groups met for the express purpose of exchanging views on a variety of subjects. In exempting these meetings from FACA, the court noted [**53] that "the committees were not formally organized and there is little or no continuity." *Id. at 1234.*

Since form is a factor, it would appear that the government has a good deal of control over whether a group constitutes a FACA advisory committee. Perhaps, for that reason, it is a rare case when a court holds that a particular group is a FACA advisory committee over the objection of the executive branch. In order to implicate FACA, the President, or his subordinates, must create an advisory group that has, in large measure, an organized structure, a fixed membership, and a specific purpose. The government suggests that the working groups, composed as they are of a crowd of 340 virtually anonymous persons, do not bear the characteristics of the paradigm FACA advisory committee. That may well be so. The working groups, as a whole, seem more like a horde than a committee. On the other hand, the groups have been created ("established") with a good deal of formality and perhaps are better understood as a number of advisory committees. We simply cannot determine how to classify the working groups based on the record before us.

Finally, the government claims [**54] that all of the members of the working groups are full-time officers or employees of the government, and, for that reason alone, the working groups are not FACA advisory committees. The three-hundred members drawn from the agencies, the Executive Office of the President, and from the congressional staffs are concededly within that category. The working group also includes, however, 40 "special government employees." The government claims that these individuals are also "full-time" government employees, even though they have been employed by an agency or the Executive Office of the President for less than 130 days in a year, some without compensation. The record does not reflect where these persons come from, nor does it show how many hours they work. We are, moreover, unsure whether FACA's definition of "full-time" extends to a person who works for the government for less than 130 days out of a year. The government directs us to the conflict of interest provisions of Title 18, which define a "special Government employee" as:

> an officer or employee of the executive or legislative branch of the United States Government ... who is retained, designated, appointed, or employed to perform, [**55] with or without compensation, for not to exceed [130] days during any period of [365] consecutive days, temporary duties either on a full-time or intermittent basis.

18 U.S.C. § 202(a) (1988) (emphasis added). The government argues that section 202 clearly implies that a temporary employee can be "full-time." Intermittent (or non-full-time) applies, according to the government, to those who work less than a full day.

[*915] We do not believe section 202(a) helps the government. Just as we did not read *5 U.S.C. §§ 2104*, 2105 to govern the question of whether Mrs. Clinton is a federal officer or employee, we do not think that Title 18's definitions should necessarily control FACA. We must construe FACA in light of its purpose to regulate the growth and operation of advisory committees. FACA would be rather easy to avoid if an agency could simply appoint 10 private citizens as special government employees for two days, and then have the committee receive the section 3(2) exemption as a body composed of full-time government employees. Moreover, section 202 contrasts "full-time" with "intermittent," and so "full-time" [**56] seems to mean no more than not "intermittent." There is no reason to think that not "intermittent" for section 202 purposes has any bearing on whether the employee is "full-time" for FACA purposes. Whether the special government employees are full-time, however, is, in part, a factual issue that was not developed below due to the lack of discovery.

A third class of persons are described as consultants.

According to the government, the consultants attend meetings on an intermittent basis, with or without compensation, and have no "supervisory role or decision-making authority." Drawn from the ranks of the medical profession, the academy, and from business, they only provide information and opinion. These consultants raise a different question from that presented by the other two classes of working group employees. The key issue, it seems to us, is not whether these consultants are "full-time" government employees under section 3(2), but whether they can be considered members of the working group at all. When an advisory committee of wholly government officials brings in a "consultant" for a one-time meeting, FACA is not triggered because the consultant is not really a member of the [**57] advisory committee. In that situation, the relationship between the temporary consultant and committee is very similar to the one between the White House officials and various private sector representatives exempted from FACA in Nader. We are confident that Congress did not intend FACA to extend to episodic meetings between government officials and a consultant. To do so would achieve the absurd result Public Citizen warned against: reading FACA to cover every instance when the President (or an agency) informally seeks advice from two or more private citizens.

But a consultant may still be properly described as a member of an advisory committee if his involvement and role are functionally indistinguishable from those of the other members. Whether they exercise any supervisory or decisionmaking authority is irrelevant. If a "consultant" regularly attends and fully participates in working group meetings as if he were a "member," he should be regarded as a member. Then his status as a private citizen would disqualify the working group from the section 3(2) exemption for meetings of full-time government officials.

* * * *

When we examine a particular group or committee to [**58] determine whether FACA applies, we must bear in mind that a range of variations exist in terms of the purpose, structure, and personnel of the group. Perhaps it is best characterized as a continuum. At one end one can visualize a formal group of a limited number of private citizens who are brought together to give publicized advice as a group. That model would seem covered by the statute regardless of other fortuities such as whether the members are called "consultants." At the other end of the continuum is an unstructured arrangement in which the government seeks advice from what is only a collection of individuals who do not significantly interact with each other. That model, we think, does not trigger FACA.

We simply have insufficient material in the record to determine the character of the working group and its members. We understand why the district court, believing the Task Force covered by FACA, thought it unnecessary and inappropriate to put the working group under further scrutiny. But, as we have indicated, because we differ with the district court concerning the Task Force, we believe further proceedings, including expedited [*916] discovery, are necessary before the district court [**59] can confidently decide whether the working group is a FACA committee.

Accordingly, we reverse the district court and lift the preliminary injunction on the operations of the Task Force. The Task Force need not comply with the requirements of FACA because it is a committee composed wholly of full-time government officials. We also reverse the district court's dismissal of appellees' claims as to the working group under Rule 12(b)(6). We remand for further proceedings, including expedited discovery, regarding the working group.

So ordered.

CONCURBY: BUCKLEY

CONCUR: Buckley, Circuit Judge, concurring in the judgment: I admit at the outset the persuasive force of the majority's opinion--a force derived, I think, from a comparison of the most obvious facts of this case with those of *Public Citizen v. United States Department of Justice, 491 U.S. 440, 105 L. Ed. 2d 377, 109 S. Ct. 2558 (1989)*. Public Citizen interpreted the word "utilized" so as to exclude the Justice Department's use of a committee of the American Bar Association whose only mission was to advise on appointments to the federal judiciary. In concluding that Congress did not intend to subject the ABA Committee on the Judiciary to FACA's [**60] requirements, the Court acknowledged that what "tipped the balance decisively against FACA's application," *id. at 465*, was the "cardinal principle" that where "a serious doubt of constitutionality is raised, ... the Court will first ascertain whether a construction of the statute is fairly possible by which the question may be avoided." *Id. at 465-66*. Here, to achieve a similar end, we are asked only to stretch the phrase "officer or employee of the Federal Government" far enough to include a person who is greeted like a head of state, guarded by the Secret Service, and funded from the public fisc. On first appearances, Public Citizen would seem to support both the majority's result and the reasoning used to reach it.

If this case is to be distinguished from Public Citizen,

it is not because of a lack of gravity in the constitutional issues it presents. In *United States v. Nixon, 418 U.S. 683, 41 L. Ed. 2d 1039, 94 S. Ct. 3090 (1974)* ("Nixon I "), and *Nixon v. Administrator of General Services, 433 U.S. 425, 53 L. Ed. 2d 867, 97 S. Ct. 2777 (1977)* ("Nixon II "), the Supreme Court recognized a constitutionally grounded [**61] doctrine of executive privilege which holds that Presidential communications are presumptively privileged against disclosure:

Human experience teaches that those who expect public dissemination of their remarks may well temper candor with a concern for appearances and for their own interests to the detriment of the decisionmaking process....

....

A President ... must be free to explore alternatives in the process of shaping policies and making decisions and to do so in a way many would be unwilling to express except privately. These are the considerations justifying a presumptive privilege for Presidential communications. The privilege is fundamental to the operation of Government and inextricably rooted in the separation of powers under the Constitution.

Nixon I, 418 U.S. at 705, 708. The Court found that this privilege extends

to communications in performance of a President's responsibilities ... and made in the process of shaping policies and making decisions.

Nixon II, 433 U.S. at 449 (quoting *Nixon I, 418 U.S. at 708, 711, 713)* (internal quotation marks, [**62] brackets, and citations omitted). And it set forth standards for evaluating intrusions on privileged communications:

In determining whether the Act disrupts the proper balance between the coordinate branches, the proper inquiry focuses on the extent to which it prevents the Executive Branch from accomplishing its constitutionally assigned functions. Only where the potential for disruption is present must we then determine whether that impact is justified by an overriding need to promote [*917] objectives within the constitutional authority of Congress.

Id. at 443 (citations to Nixon I omitted).

We confront in this case a task force consisting of the President's closest advisors that was established to address a paramount political priority. Because it included his wife--by all accounts, a person whose policy advice he has relied on throughout his public life--the Task Force on National Health Care Reform arguably was bound by law to conduct its proceedings in public. Given these circumstances, the considerations animating the Presidential privilege, like the President's claim of privilege itself, are before us in pointed fashion. My colleagues, sensing the weight of these [**63] issues, hold that we may avoid addressing them through "prudent use" of Public Citizen's "maxim of statutory construction." Maj. Op. at p. 23, I cannot agree.

I begin with the axiom that in interpreting a statute, a court must ascertain the will of the enacting Congress. Here I admit to detecting something of an implicit argument in the Government's pleadings before this court. To the extent that it may be discerned, this argument begins with an assumption that Public Citizen 's result could not have been reached through genuine interpretation--interpretation that is consistent with the will of Congress--and ends with the conclusion that Public Citizen authorizes courts to avoid constitutional issues by ascribing implausible meanings to the most unambiguous language. The suggestion, I admit, is tempting. But it is also barred by the very decision on which the Government places its principal reliance. Public Citizen states explicitly that courts "cannot press statutory construction to the point of disingenuous evasion, even to avoid a constitutional question." *491 U.S. at 467* (internal quotation marks and citation omitted).

The weakness of [**64] the position that FACA may be interpreted to exclude the Task Force is suggested by the Government's vacillation on the question of Mrs. Clinton's status. Before the district court, the Government argued that the Task Force was not subject to FACA because Mrs. Clinton was the functional equivalent of a federal employee. In its opening brief here, it argued that she was either an officer or an employee without saying which. On reply, it said explicitly that Mrs. Clinton was an "officer." And at argument, it retreated to ambiguity and again refused to categorize her. In fact, the Government's only consistent position has been that FACA is not subject to those statutory definitions of "officer" and "employee" that most logically apply to it.

FACA appears in the appendix to Title 5 of the United States Code. Sections 2104 and 2105 of Title 5 contain the following definitions:

§ 2104. Officer

(a) For the purpose of this title, "officer", except as otherwise provided by this section or when specifically

modified, means a justice or judge of the United States and an individual who is--

(1) required by law to be appointed in the civil service by one of the following acting [**65] in an official capacity--

(A) the President;

(B) a court of the United States;

(C) the head of an Executive agency; or

(D) the Secretary of a military department;

(2) engaged in the performance of a Federal function under authority of law or an Executive act; and

(3) subject to the supervision of an authority named by paragraph (1) of this section, or the Judicial Conference of the United States, while engaged in the performance of the duties of his office....

§ 2105. Employee

(a) For the purpose of this title, "employee", except as otherwise provided by this section or when specifically modified, means an officer and an individual who is--

(1) appointed in the civil service by one of the following acting in an official capacity--

(A) the President;

[*918] (B) a Member or Members of Congress, or the Congress;

(C) a member of a uniformed service;

(D) an individual who is an employee under this section;

(E) the head of a Government controlled corporation; or

(F) an adjutant general designated by the Secretary concerned under section 709(c) of title 32;

(2) engaged in the performance of a Federal function under authority of law or an Executive [**66] act; and

(3) subject to the supervision of an individual named by paragraph (1) of this subsection while engaged in the performance of the duties of his position....

5 U.S.C. §§ *2104*, 2105 (emphasis added).

The common denominator of these provisions is the requirement that both officers and employees be "appointed in the civil service." In the Executive Branch, the civil service consists of (1) positions requiring Senate confirmation, (2) the "Senior Executive Service," (3) the "competitive service," and (4) "positions which are specifically excepted from the competitive service by or under statute." *5 U.S.C.* § *2102*(a). Mrs. Clinton does not wear any of these labels. See, e.g., *5 U.S.C.* § *3132*(a)(2) (defining "Senior Executive Service position"). The Government's (and the majority's) strategy, then, is to argue that she need not satisfy the section 2104 and 2105 definitions because they do not apply to FACA. Specifically, because FACA has been codified in an appendix to Title 5, not in the title proper, the Government contends that the sections do not govern the meaning [**67] of "officer" and "employee" as used in the definition of "advisory committee." For several reasons, I disagree.

First, there is the plain meaning of the statutory language. An appendix to a title of the United States Code necessarily qualifies as a part of that title. If it did not, then the appendix would be part of no title whatever and would be an appendix to the Code as a whole. Yet FACA appears in the Code under the banner, "Title 5, Appendix." Because sections 2104 and 2105 state plainly that they apply "for the purpose of" Title 5, and because FACA is a part of that title, the definitions apply to FACA.

Second, Congress surely knew that FACA would be codified under Title 5. The same statute that adopted sections 2104 and 2105 also stipulated that Title 5 be captioned: "Government Organization and Employees." Pub. L. No. 89-554, 80 Stat. 378, 408-09 (1966). A glance at the captions of the remaining 49 titles in the Code confirms that Title 5 is the only one under which FACA could have been codified.

Third, there are the practical considerations. The Ethics in Government Act, codified alongside FACA in Title 5's appendix, requires financial disclosures from "each officer or employee [**68] in the executive branch" who meets certain criteria. Ethics in Government Act of 1978, *5 U.S.C. App. 3*, §§ 101(a), 101(f)(3) (1991 Supp.). FACA imposes open-meeting and other requirements on committees not "composed wholly of full-time officers or employees of the Federal Government." *5 U.S.C. App. 1*, § 3(2) (1988). And, although each of those statutes contains a sizable definitional section, neither defines either "officer" or "employee." See *5 U.S.C. App. 1*, § 3 (1988); *5 U.S.C. App. 3*, § 109 (1991 Supp.). The Government tells us that those terms are intentionally left undefined even though

Congress took the trouble, in those statutes, to define terms that are of far less significance. See, e.g., *5 U.S.C. App. 1,* § 3(4) (1988) ("The term "Presidential advisory committee' means an advisory committee which advises the President"); *5 U.S.C. App. 3,* § 109(3) (1991 Supp.) (" "designated agency ethics official' means an officer or employee who is designated to administer the provisions [**69] of this title within an agency"). But without definitions of "officer" and "employee," neither statute could be sensibly administered. The better explanation for the absence of these definitions is that their repetition in FACA and the Ethics in Government Act would have been redundant.

Finally, there is the apparent reasoning behind FACA's location in Title 5's appendix. The United States Code is published pursuant to *1 U.S.C. §§ 201*-13 (1988). That law [*919] requires the codification of new laws in annual Code supplements and permits the publication of an entirely new Code every five years. See id. § 202. Thus, the current United States Code and supplement contain all laws of the United States that are "general and permanent in their nature." Id. § 204(a). As of 1988, ten of the fifty U.S.C. titles contained an appendix. See 5, 10, 11, 18, 26, 28, 40, 46, 49, 50 U.S.C. (1988). Some statutes have been placed in appendices because, while considered more than temporary, they are viewed as less than permanent additions to the Code. See 40 U.S.C. App. (Appalachian Regional Development Act of 1965). Other statutes have been relegated to appendices [**70] because they were not enacted directly by Congress. See 11 U.S.C. App. (Bankruptcy Rules and Official Forms as promulgated by Supreme Court pursuant to *28 U.S.C. § 2075).* With respect to Title 5, Congress has divided it into three parts: "The Agencies Generally" (Part I), "Civil Service Functions and Responsibilities" (Part II), and "Employees" (Part III). See Pub. L. No. 89-554, 80 Stat. 378 (1966), as amended by Pub. L. No. 96-54, § 2(a)(1), 93 Stat. 381 (1979). An appendix to Title 5, then, is the natural place to codify statutes that relate to "Government Organization and Employees" but do not pertain to "The Agencies Generally," "Civil Service Functions and Responsibilities," or "Employees." As of 1988, five acts, including FACA, had been codified in Title 5's appendix. None of these fits within any of the three pigeonholes into which the main body of the title has been divided.

As against all of this--the statute's plain language, the imputed knowledge of its draftsmen, the practical need for Title 5's definitions to apply to its appendix, and the apparent reasons for FACA's placement there--the Government can offer a bare shred [**71] of legislative history. It points out that the Senate version of FACA explicitly incorporated the Title 5 definitions of "officer" and "employee," but that these were dropped at conference. The question, of course, is whether the conferees discarded the definitions because they were redundant (as FACA was destined for codification under Title 5), or because they wished the definitions not to apply to FACA.

The evidence on this issue consists of statements from the reports of the Senate Committee on Government Operations and the House-Senate Conference Committee. Referring to the section of the Senate bill that incorporated definitions to be found in the main body of Title 5, namely, those for "agency" *(5 U.S.C. § 551*(1)), "officer" *(5 U.S.C. § 2104),* and "employee" *(5 U.S.C. § 2105),* the Senate Report stated only that these three definitions had "been chosen to give the broadest interpretation to the coverage commensurate with generally accepted principles of law." S. Rep. No. 1098, 92d Cong., 2d Sess. 8 (1972). The Conference Committee Report merely noted that "the conference [**72] substitute deletes the Senate amendment definitions of "officer' and "employee.' " H.R. Conf. Rep. No. 1403, 92d Cong., 2d Sess. 9 (1972). The definition of "agency," however, was retained.

The Government infers, from the deletion of two of the Senate definitions and the retention of the third, that the conferees found the definitions of "officer" and "employee" inapplicable to FACA. There is a far more plausible explanation. As sections 2104 ("officer") and 2105 ("employee") were applicable to all statutes codified under Title 5, they were superfluous. The definition of "agency," by contrast, appears under the heading, "For the purpose of this subchapter--," *5 U.S.C. § 551* (emphasis added), and therefore would not apply to FACA unless specifically incorporated into that Act.

Even if we could disregard the definitions found in Title 5, we would still be compelled to attach meanings to the words "officer" and "employee" that Congress might reasonably have had in mind. To this end, I have examined other sources for definitions of these terms. At the outset, I dismiss the possibility that Mrs. Clinton might be considered an employee. In these proceedings, [**73] the Government has not attempted to argue that Mrs. Clinton is an employee for purposes of FACA--no doubt because her services are unpaid. Cf. Black's Law Dictionary 471 (5th ed. 1979) (defining employee as "one who works for an employer; a person working for salary or wages"). And while the majority [*920] does assert that Mrs. Clinton "could still be regarded as an "employee' " under FACA, Maj. Op. at p. 10, it too lacks an argument in support of the proposition. In particular, it ignores the fact that, while subsections (a)

and (b) of *3 U.S.C. § 105* explicitly "authorize[ ]" the President "to appoint and fix the pay of [White House] employees," subsection 105(e), the statutory acknowledgment of the First Lady's role, is carefully phrased so as not to authorize her appointment as an employee or any remuneration for her services. An "unpaid employee" is an oxymoron, although an "unpaid officer" is not. FACA's strictures can be avoided, then, only if it can credibly be argued that Mrs. Clinton is an officer of the Federal Government. I can find no such argument.

To begin with the beginning, the Constitution imposes certain requirements on those [**74] who are to serve as officers of the United States. Such persons must be appointed by the President with the consent of the Senate unless Congress, by law, has vested the power of appointment "in the President alone, in the Courts of Law, or in the Heads of Departments," U.S. Const. art. II, § 2, cl. 2. Furthermore, all officers must take an oath to support the Constitution. Id., art. VI, cl. 3. Congress has enacted laws to implement these requirements. See, e.g., *5 U.S.C. § 3331* (officers of the United States required to swear an oath); *5 U.S.C. § 2906* (officers' oath to be "preserved"); *5 U.S.C. § 2902* ("officers appointed by the President" must have commissions made out and sealed by the Secretary of State); *5 U.S.C. §§ 3333*, 7311 (anyone who accepts either "office or employment in the Government of the United States" required to swear their loyalty by affidavit). We have received no indication that any of these requirements have been met with regard to Mrs. Clinton.

More generally, an officer implies an office, and an office implies [**75] duties. Title 1 of the United States Code defines "officer" by reference to an "office" with "duties"—" 'officer' includes any person authorized by law to perform the duties of the office." *1 U.S.C. § 1.* And the Supreme Court has interpreted "officer" similarly with reference to the Constitution. In *Burnap v. United States, 252 U.S. 512, 516, 64 L. Ed. 692, 40 S. Ct. 374 (1920)*, the Court reasoned: "Whether the incumbent is an officer or an employee is determined by the manner in which Congress has specifically provided for the creation of the several positions, their duties and appointment thereto." Burnap held that a "landscape architect" was an employee, not an officer, because "there [was] no statute which creates an office of landscape architect ... nor any which defines the duties of the position," *id. at 517*, and because "there [was] no statute which provides specifically by whom the landscape architect ... shall be appointed." Id.

The undoubted value of the services that the wives of Presidents have rendered their husbands and their country notwithstanding, it cannot be said that they have occupied an [**76] office with duties. The provision of the U.S. Code on which the majority relies, *3 U.S.C. § 105*(e), is carefully phrased so as not to name a position or prescribe duties a President's spouse is to fulfill. In fact, section 105(e), strictly speaking, does not even authorize a First Lady to assist the President; rather it authorizes federal employees to assist the First Lady, and, in the course of doing so, acknowledges the assistance that First Ladies commonly render their spouses. In sum, Mrs. Clinton carries none of the indicia of a federal officer. She has neither been appointed to nor confirmed in the position of "First Lady," she has taken no oath of office, and she neither holds a statutory office nor performs statutory duties.

Having searched the U.S. Code and the Government's briefs in vain for definitions of "officer" that might give aid and comfort to the Government, I conclude that under any fair interpretation of the term, Mrs. Clinton is not an officer of the United States. But to complete this tour through the statute books, I note that section 105(e) does not, as the Government and the majority contend, require a finding [**77] that Congress has acknowledged that a President's spouse performs the duties of an officer. Another direct congressional statement on the subject of the First Lady's duties appears in the Anti-Nepotism Act. That Act declares that public officials (expressly including "the President") may [*921] not employ relatives (expressly including a "wife") in "a civilian position in the agency in which he is serving or over which he exercises jurisdiction or control." *5 U.S.C. § 3110*(a), (b). The use of the definite article in the phrase "the agency in which he is serving" appears to imply that every "public official" belongs to some agency and that their relatives may not be employed in that agency, whatever it happens to be. Moreover, as a matter of policy and consistency, the restrictions on the President under the Anti-Nepotism Act must be viewed to be as broad as the Executive Branch: It is inconceivable that Congress, in combatting nepotism, intended to forbid Mrs. Clinton's service as Attorney General while permitting her appointment as National Security Advisor. Viewed purely as a matter of congressional intent, the argument that the Anti-Nepotism Act [**78] applies only to the Departments and not to the White House, see Maj. Op. at p. 12, is a weak one. As a result, any gravitational pull exerted in the direction of congressional acceptance of a President's spouse as a "de facto officer" attributable to section 105(e) is overwhelmed by the opposite force exerted by the Anti-Nepotism Act.

One final consideration. Although we may assume that, when drafting FACA, Congress gave no thought to the possibility that a President might appoint his spouse

to an advisory committee, we may not assume that it failed to contemplate the relationship between FACA and the legal obligations and sanctions imposed on officers and employees of the Federal Government.

As one reviews the affidavit filed with the district court by Ira Magaziner, Senior Advisor to the President for Policy Development, one is struck by the fact that every member of the Task Force and Interdepartmental Working Group, but one, was subject to one or more of the statutes that Congress has enacted to ensure the proper conduct of members of the Federal Government--the "insiders," as the Government describes those who qualify as "full-time officers and employees" within the [**79] meaning of FACA. These laws impose burdensome ethics requirements. See, e.g., Ethics in Government Act of 1978, *5 U.S.C. App. 3*, § 101(f)(3) (1991 Supp.) (applying financial disclosure requirements on all higher paid "officers and employees" in the Executive Branch); id. §§ 501(a)(1), 505(2) (1991 Supp.) (applying outside income limitations on all higher paid officers and employees except "special government employees"); *18 U.S.C. § 205* (1991 Supp.) (prohibiting any "officer or employee" from representing outsiders in "matters affecting the Government"); id. § 207 (prohibiting anyone who formerly was an "officer or employee" from participating in certain governmental proceedings and decisions after leaving government employment); id. § 208 (prohibiting an "officer or employee" from "participating personally" in a matter affecting "a financial interest"); *5 U.S.C. § 7324* (1988) (prohibiting an "employee in an Executive agency" from taking "an active part" in political campaigns). And even though the Government argues that the Interdepartmental Working Group was not [**80] an advisory committee within the meaning of FACA, Mr. Magaziner nevertheless took pains to stress the fact that every member of and consultant to the Group--whether a regular or special government employee, whether working full time or part, for pay or without--was required to file a financial disclosure statement and to comply with other requirements of these laws. See Magaziner Affidavit, Gov't App. at 41-43.

These requirements, then, appear as a signal distinction between what would normally be considered to be "inside" and "outside" members of advisory committees. In fact, this distinction--the legal obligations and sanctions imposed on officers and employees of the Government as opposed to private citizens--undoubtedly provides a substantial part of the justification for the very different requirements imposed by FACA on committees that are composed exclusively of federal officers and employees and those that are not. In enacting FACA, Congress found that "one of the great dangers in the unregulated use of advisory committees is that special interest groups may use their membership on such bodies to promote their private concerns." H.R. Rep. No. 1017, 92 Cong., 2d Sess. 6 [**81] (1972). Because committees not composed exclusively of federal [*922] officers and employees have members who are not required to foreswear their private associations and insulate themselves against potential conflicts of interest, FACA requires, as an alternative check, that their deliberations be conducted in the open.

When the majority states that we "need [not] consider whether Mrs. Clinton's presence on the Task Force violates ... any conflict of interest statutes," Maj. Op. at p. 24 n.10, it indicates that we have not been presented with claims under these statutes that call for adjudication. The question remains, however, whether Congress, if it had ever considered that the President's spouse might be appointed an official member of a Presidential advisory committee, would have labelled her an "officer or employee" within the meaning of FACA. To put it another way, could Congress have intended that Mrs. Clinton, alone of the twelve members of the Task Force and 340 members of the Working Group, would be entirely exempt from the reach of ethics laws that Congress has imposed on the President himself? I think not.

In visiting these sundry provisions, I doubt I have said very much with [**82] which my brethren in the majority would disagree. Our disagreement centers, I think, not on Congress's intent in enacting the relevant statutes, but on the lens through which we must view that intent in this particular case. The majority argues (1) that construing the phrase, "officers and employees," to exclude Mrs. Clinton would give rise to weighty constitutional issues, Maj. Op. at p. 22; (2) that the Public Citizen Court avoided deciding similar issues by embracing "an extremely strained construction of the word 'utilized,' " Maj. Op. at p. 14; (3) that "it is reasonable ... to construe section 105(e) as treating the President's spouse as a de facto officer or employee," Maj. Op. at p. 11; and hence (4) that the phrase "full-time officer or employee of the government" must a fortiori be read to apply to Mrs. Clinton, Maj. Op. at p. 24. I remain unconvinced.

First, I do not think that section 105(e) can reasonably be read to create an officer or employee, either de facto or otherwise; and even if it could, I do not think we could avail ourselves of such a reading in this case. I noted above that section 105(e) has been carefully phrased so as not to recognize [**83] an office, an officer, or an employee. But equally important, I know of no case in which the Supreme Court has saved one provision from constitutional difficulty

by liberally construing another, entirely unrelated provision. In Public Citizen itself, as well as in every case cited in Public Citizen in which the Court avoided a constitutional challenge, the Court sidestepped the constitutional claims presented through an interpretation of the statute under attack. See *Public Citizen, 491 U.S. at 465-66* (citing cases); see also *id. at 465, 467* (avoiding a constitutional challenge to FACA by construing FACA § 3(2)); see also, e.g., *Edward J. DeBartolo Corp. v. Florida Gulf Coast Bldg. & Constr. Trades Council, 485 U.S. 568, 575, 588, 99 L. Ed. 2d 645, 108 S. Ct. 1392 (1988)* (avoiding a constitutional challenge to the National Labor Relations Act by construing NLRA § 8(b)(4)); *St. Martin Evangelical Lutheran Church v. South Dakota, 451 U.S. 772, 780-81, 788, 68 L. Ed. 2d 612, 101 S. Ct. 2142 (1981)* (avoiding a constitutional challenge to the Federal Unemployment Tax Act by construing FUTA § 3309(b)). Because it is FACA [**84] that is under attack, I think that any additional degree of interpretive freedom we enjoy in construing FACA cannot be extended to a statute authorizing expenditures for White House staff.

Second, I cannot believe that Public Citizen establishes the rule my colleagues tacitly embrace. In reaching their holding, the majority implicitly distinguishes between "extremely strained construction," which, under their reading, Public Citizen permits or even requires, and "disingenuous evasion," which it explicitly forbids. Compare Maj. Op. at p. 14 with *491 U.S. at 467*. The rule the majority appears to adopt, then, is that judges must strain (but may not evade) the plain meaning of a statute before they may entertain an "as-applied" constitutional challenge. If my colleagues are right, the line between "extremely strained construction" and "disingenuous evasion" will determine the outcome in every case involving an as-applied challenge presenting "formidable [*923] constitutional difficulties." *Public Citizen, 491 U.S. at 466*. While I suspect my colleagues may have some sympathy (as I do) with Justice Kennedy's position [**85] that the Supreme Court majority in Public Citizen had stretched its interpretation of FACA "beyond the point at which such a construction remains "fairly possible,' " *id. at 481* (Kennedy, J., concurring in judgment) (emphasis in original), I cannot believe the Court intended to establish a rule requiring such constructions in cases posing serious constitutional questions.

A review of its reasoning demonstrates that Public Citizen neither explicitly nor implicitly sanctions "strained" statutory interpretation. Its holding--that the ABA Committee was not "utilized" by the President within the meaning of FACA--was based principally on three considerations. The first of these was that, in the Court's memorable phrase, " "utilize' is a woolly verb," *id. at 452*, which necessarily requires judicial definition. Second, it recognized that a "dictionary reading [of the word "utilize" in] FACA's definition of "advisory committee' " would lead to a statute of "almost unfettered breadth" and produce "absurd results." *Id. at 452 & n.8, 452-54*. Taken literally, FACA's definition would have [**86] endowed the President with Midas ears capable of turning any continuing source of consensus opinion into a FACA committee. In such a world, the physicians jointly consulted to protect the President's health, the editorial board of the President's favorite newspaper, and two dietitians jointly planning the President's meals could all be classified as "Presidential advisory committees" subject to regulation. Because "the literal reading of [utilize] would "compel an odd result,' " the Court "searched for other evidence of congressional intent to lend the term its proper scope." *Id. at 454* (citation omitted). Third, on examining FACA's origins and legislative history, the Court concluded that while "it seems to us a close question whether FACA should be construed to apply to the ABA Committee, ... we are fairly confident it should not." *Id. at 465*.

The Court reached this last conclusion in significant part on the basis of the following passage from the FACA Conference Report: "The Act does not apply to persons or organizations which have contractual relationships with Federal agencies nor to advisory committees not directly [**87] established by or for such agencies." *Id. at 462* (emphasis added by Public Citizen). The Court also noted that the relationship between the ABA Committee and the Justice Department had not fallen within the scope of President Kennedy's Executive Order No. 11007, from which FACA was derived. *Id. at 462-63*. From this, the Court concluded that "the phrase "or utilized' therefore appears to have been added simply to clarify that FACA applies to advisory committees established by the Federal Government in a generous sense of that term," *id. at 462;* and that "read in this way, ... the word "utilize' does not describe the Justice Department's use of the ABA Committee," *id. at 463*.

In applying what the majority, Maj. Op. at p. 8, has laconically (and accurately) described as a "rather sweeping" statutory definition of "advisory committee" to the unique relationship between the Justice Department and the ABA Committee, the Court concluded that it was more probable than not that Congress did not intend that FACA apply to such privately organized groups. Nevertheless, [**88] because it considered the question close in light of the broad sweep of the definition, literally interpreted, it applied its venerable rule of statutory construction to tip the balance away from one that would

have presented "formidable constitutional difficulties." *Id. at 466.*

In this case, we deal not with woolly terms but with the meaning of two words in common legal usage, "officer" and "employee." Far from creating absurdity, literal interpretations of these terms are necessary in order to give effect to the congressional policy of drawing sharp distinctions between individuals outside the Government and those within it. And in contrast with Public Citizen, in which no statutory definition of "utilize" was [*924] available and great weight was placed on legislative history, definitions of both "officer" and "employee" have been enacted into law by Congress. In this case, none of the considerations animating Public Citizen are remotely presented; and because we do not deal with ambiguous terms, there is no "balance" to be tipped by resort to legal maxims. Despite appearances, Public Citizen has little to do with the case we decide today.

Finally, [**89] to conclude my statutory analysis, I note that the Nixon I Court engaged in a patently straightforward interpretation of Federal Rule of Criminal Procedure 17(c), *418 U.S. at 697-702,* even though it recognized that "if we sustain[ ] this challenge, there [will] be no occasion to reach the claim of privilege asserted." *Id. at 698.* Needless to say, the considerations counseling avoidance of difficult constitutional issues were never more pressing than on the facts of Nixon I. Because I can find no credible argument to the contrary, and because I cannot bring myself to strain the meaning of "officer" or "employee" to produce one, I would hold that the Task Force was not exempt from the public disclosure requirements of FACA; and having done so, I would address the constitutional implications of that holding.

As I pointed out earlier, the Supreme Court has acknowledged a Presidential right to confidentiality that "is fundamental to the operation of Government and inextricably rooted in the separation of powers under the Constitution." *Nixon I, 418 U.S. at 708.* Although the privilege is not [**90] absolute, the Court has only twice found that it must yield to competing constitutional interests, such as "the primary constitutional duty of the Judicial Branch to do justice in criminal prosecutions," *id. at 707;* and in each case, it has protected the confidentiality of Presidential communications from unwarranted disclosure.

In Nixon I, in which President Nixon sought to enjoin the subpoenaing of certain of his papers, the Court found it necessary to

> weigh the importance of the general principle of confidentiality of Presidential communications in performance of the President's responsibilities against the inroads of such a privilege on the fair administration of criminal justice.

Id. at 711-12. It concluded that the President's "generalized interest in confidentiality ... cannot prevail over the fundamental demands of due process of law in the fair administration of criminal justice." *Id. at 713.* Accordingly, it ordered the examination in camera of the papers subject to an instruction that the district court be scrupulous in "protecting against any release or publication [**91] of material not found by the court [to be] probably admissible in evidence and relevant to the issues of the trial for which it is sought." *Id. at 714.*

Nixon II involved a balancing of the President's interest in the confidentiality of his communications against other national interests. In that case, former President Nixon asserted the Presidential privilege in a challenge to the constitutionality of the Presidential Recordings and Materials Preservation Act, which placed his papers in the custody of the Administrator of General Services. See *433 U.S. at 429-30.* The Supreme Court found that the statute was constitutional because of the Nixon papers' historical importance and their possible significance as aids to the legislative process, and because of "the safeguards built into the Act to prevent disclosure of [confidential] materials and the minimal nature of the intrusion into the confidentiality of the Presidency." *Id. at 454.* Those safeguards included the requirement that "any party's opportunity to assert any ... constitutionally based right or privilege" be protected. *Id. at 450* [**92] (quoting section 104 of the Act). The Court concluded "that the screening process contemplated by the Act [, which was to be conducted by Executive Branch archivists,] ... will not constitute a more severe intrusion into Presidential confidentiality than the in camera inspection by the District Court approved in [Nixon I]." *Id. at 455.*

In these two cases, the Court permitted only the most limited intrusions on the privilege. FACA, by contrast, would have required that the Task Force operate in the full glare of provisions requiring public meetings [*925] and disclosure of records. It is hard to imagine conditions better calculated to suppress the "candid, objective, and even blunt or harsh opinions," *Nixon I, 418 U.S. at 708,* that the President was entitled to receive from the twelve advisors he had appointed to his Task Force. Because none of Congress's purposes in enacting FACA are of a gravity that would justify overriding the Presidential privilege in this case, I would conclude that FACA is unconstitutional as applied to the Task Force.

For the foregoing reasons, I concur only in the major-

ity's conclusion, in Part [**93] III of its opinion, that FACA's public disclosure provisions may not be applied to the Task Force. With respect to Part IV, I agree that the district court must develop further facts before it can determine whether the Working Group, or any division thereof, qualified as an advisory committee under FACA.



July 20, 1993

TIME IN	NOTES/RESOLUTION	NAME/AGENCY	PHONE NO.	MESSAGE
10:55 AM		Brant Buck	501 377 0310	
11:01 AM		Bill Kennedy		
11:11 AM		Maggie Williams	7194	
		Cheryl Mills	7112, 7900	
		Jim Lyons	303 623 9000	
		Brant Buck	501 377 0310	
1:40 PM		Bill Kennedy	2144	
1:40 PM		Steven Neuwirth	7903	
2:14 PM		Cheryl Mills	7122, 7900	needs to call Justice on a new matter; she cannot reach you, she will go ahe and call
		Gordon Rather	501 371 0808	personal matter (secy did not know specifics)
3:35 PM		Maggie	7194	has an answer to one of our questior
5:10 PM		Mrs. Foster		

NATIONAL PARK SERVICE

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

ARCHIVE CASE ☐

United States Park Police

DATE OF OCCURRENCE: 07/20/93

CASE/INCIDENT NUMBER: 93-10512

TYPE OF INCIDENT: Death Investigation

CLASSIFICATION OF INCIDENT:

ABSTRACT OF INVESTIGATION

July 20, 1993 Phone Log

Brant Buck

The phone message log indicated Brant Buck called for Foster at 10:55 a.m. and left only his phone number 501-377-0310. The log indicated he called again at 11:11 a.m. and left the same phone number.

On August 2, I called Buck's office and spoke to his secretary, Linda Johnston. Buck was on vacation. She said Buck did get a return call from Foster on July 19th, but Buck had stepped away from his desk. Foster returned the call to Buck at 11:17 a.m. central time (12:17 a.m. eastern time). Linda had a brief conversation with Foster that was characterized as normal, nothing unusual. Brant Buck is a partner in the Rose Law Firm in Little Rock, Arkansas.

Jim Lyons

The phone message log indicated a call from Jim Lyons at 11:11 a.m. with only a phone number left, 303-623-9000. Lyons is from the Law firm Rothgerber, Appel, Tower and Johnson in Denver, Colorado. I contacted Lyons by telephone on August 2nd. He had known Foster since the late 1980's. He met him through Hillary Rodham Clinton and the Rose Law Firm. They had worked together on the Campaign. Lyons was going to be in Washington on Wednesday, July 21st. He had called and spoken with Foster Sunday July 18th between 8:00-9:00 p.m. eastern time and they had agreed to meet for dinner Wednesday.

Lyons had told Foster he would call him and let him know when he would leave Denver and arrive in Washington. This is the reason for the phone message on the morning of July 20, 1993.

Gordon Rather

The phone message log indicated that a Gordon Rather called Foster at 2:14 p.m. and left his phone number, 501-371-0808, and a message was noted by the administrative assistant "personal matter (secy did not know specifics)"

☐ CLASSIFIED ☐ PHOTOS

IDENTIFICATION NOTIFIED

INVESTIGATOR NOTIFIED

STATUS ☐ OPEN ☐ SUSPENDED CLOSED BY: ☐ ARREST ☐ EXCEPTION ☐ UNFOUNDED

REPORTING OFFICER BADGE/ID DATE INVESTIGATOR BADGE/ID DATE SUPERVISOR BADGE/ID DATE

1ST STORY of Level 1 printed in FULL format.

Copyright 1989 The Washington Post
The Washington Post

March 31, 1989, Friday, Final Edition

SECTION: STYLE; PAGE D1

LENGTH: 3552 words

HEADLINE: The Distant Drum of C. Boyden Gray;
The President's Friend and Ethics Czar, Pursuing His Causes & Clashing With Insiders

BYLINE: Phil McCombs, Washington Post Staff Writer

BODY:
C. Boyden Gray multimillionaire tobacco heir, Harvard '64, certified member of America's patrician elite and now President Bush's controversial White House counsel and ethics czar -- rams the pedal to the metal.

His long hair flying wildly, a chortle on his lips and a wicked gleam in his eye, "CB" -- as his blueblood buddies call him shouts over the wind, "See if I can race this Porsche!"

He eyes the Porsche, which has come from behind to snake around the battered old methanol-powered Chevy that he's piloting along the George Washington [illegible]kway.

rrrrrrrrrrrrrrr-auh-RRRRRRRRRR! goes CB's engine.

"Huh huh, hahaha, HAHAHA!" goes CB uncharacteristically, it might seem, for a lean, 6-foot-6, ascetic-appearing man with thick bushy eyebrows who's given to striding around the White House like some stoop-shouldered Ichabod Crane with a somewhat distracted, professorial air.

He pushes his Chevy past 75 mph, pressing toward 80.

"It doesn't stop!" he shouts, referring to the zip the 110-octane, low-pollution alcohol fuel made from natural gas gives the ancient Chevy. "It keeps on going. IT JUST KEEPS ON GOING!"

But the Porsche gets away.

Did it occur to Gray as he revved more than 20 mph over the limit that it might not do the president any good if his legal counsel got picked up for speeding?

Well, sort of.

"I don't really want to get picked up," he grinned, lifting his foot. But a moment later he jammed it down again, in the passionate belief that alcohol fuels are the solution to the nation's energy problems.

Did it occur to Gray last weekend, when he publicly criticized aspects of the administration's triumphant bipartisan accord with Congress on Central

The Washington Post, March 31, 1989

America, that this kind of publicity might not do the president any good?

Gray, 45, may be one of Bush's most trusted aides, but it's being said in the White House and elsewhere in Republican circles that this free-thinking maverick is a political bumbler who's hurting his boss.

That he's dabbling in policy and pushing pet projects like alcohol fuel when he should stick to his job of lawyering for the president.

"He's politically inept, that's his problem," says a major Republican operative. "The guy is very well meaning, but he's got a political naivete'. He kept pushing this grain stuff [grain is the source of ethanol, another alcohol fuel] back in Iowa. He overdid it. He just didn't have the perspective."

A Bush staffer who watched Gray at work during the campaign recalls that "in senior staff meetings he'd go on about something out of this world. You'd be in a meeting 10 days before Iowa and he would blow on about some insane thing in the paper on methane."

"This guy," sums up a key Republican observer, "is not coming across as a suave Washington insider who knows the ways of power. He comes across as a lawyer who's in over his head."

Gray's eight years as Bush's vice presidential counsel, in this observer's view, "didn't include any heavy lifting. He was basically standby equipment."

Gray, whose legal brilliance is unquestioned -- he clerked for Earl Warren and later became a partner at Wilmer, Cutler & Pickering -- is offended by these suggestions.

"I don't think I'm politically dumb," he protests, "I really don't ... The ethanol thing was such an explosive and powerful issue in the farm community. The argument could be made it made a big impact in the Illinois primary against [Sen. Robert] Dole."

But with the administration barely two months old, the flaps continue.

In the latest, White House Chief of Staff John H. Sununu this week rebuked Gray for his public criticism of the Central America accord that Secretary of State James A. Baker III had worked out with Congress. Gray believed that it might encroach on the constitutional powers of the president, amounting to a legislative veto, but his sin was telling this to The New York Times.

"Judgment was lacking," a senior administration official was quoted as saying.

Gray wouldn't comment, but another administration official came to his defense, saying, "He has an academic interest in the whole subject of legislative vetoes, and part of his job is to protect Bush's position. This could set a precedent for the future, and he was doing his job by questioning it."

Still, it didn't look good in public.

The Washington Post, March 31, 1989

And it was the second time in recent weeks that Gray had clashed bitterly :h Baker -- whose ties with the president go back much further than Gray's.

Gray, designated by the president to enforce ethical standards in reviewing financial and personal information on the new administration's appointees, had been privately pressing Baker to sell a large block of stock in a bank holding company with outstanding loans to Third World countries. Suddenly news of this dispute appeared on the front page of The Washington Post.

Baker sold the stock but was said to be "wild" with rage at Gray, thinking the counsel planted the story, which Gray as much as admitted to The Wall Street Journal. He said he mentioned Baker's situation to reporters as one of several examples of troubles officials face in dealing with family businesses.

"Baker will kill him for it," says a Republican observer. "Baker likes to toy with people like that. He will, over time, destroy his credibility."

Asked if he's mad at Gray, Baker smiles blandly and says, "No, he's doing his job -- as he sees it."

Gray viewed the matter, he says, in purely legal terms. "I don't know him personally," he says of Baker, "but the law changed in 1988 or 1987 and I basically had no choice."

Earlier, Gray had come under fire for taking a legalistic approach in assessing the FBI reports on defense secretary-designate John Tower. At a time :n Sununu wasn't yet fully in charge, it fell to Gray to read the reports and plain their significance to Bush. Several administration sources believe he focused too narrowly on whether Tower was guilty of serious wrongdoing, rather than considering whether Senate Democrats could mount a political offensive.

"But I wasn't the political manager!" retorts Gray in his own defense. "I don't know who was -- Sununu, [White House congressional liaison Fred] McClure, but not me. I'm not the point man ... My role was not to make political judgments about it. I had nothing to do with the selection of Tower to begin with."

In a particularly noticeable lapse, Gray, the ethics watchdog, failed to bring his own finances into line with Bush's stated standards. Two weeks after the inauguration, he hurriedly resigned his position with a family communications company and took steps to put his extensive holdings into a blind trust after disclosures in the press that he had accepted thousands of dollars in fees while serving as counsel to then-Vice President Bush.

"Doonesbury" jumped on that one.

Some believe that Gray's own embarrassment led him to leak the Baker information a few days later in order to get the spotlight off himself -- politically unpardonable, if true.

Again, Gray gives a narrow interpretation, saying he didn't technically do anything improper.

"I didn't have to set up a blind trust," he says. "I thought I'd done the one better thing, which is to sell everything that posed a potential conflict ...

I didn't have that much anyway because I'd been selling all throughout the riod of the vice presidency."

"It definitely looked bad," says Frederick Khedouri, the vice president's deputy chief of staff in 1985-86. "Sometimes Boyden exhibits characteristics that in other people have been described as absent-mindedness."

Or, says a Republican insider, it might be "the noblesse oblige concept that the rules don't apply to me because I'm a certain class of person."

To Gray's oldest and dearest friends, the idea that he did wrong is impossible to entertain. "To have CB, of all people, come under ethics charges!" says Tom Goodwin, who helped vote Gray into the exclusive Porcellian club at Harvard and who now runs a Washington television production company. "He's one of the most honorable people I know. He just wouldn't do that."

"Well," says Gray, "it was embarrassing to be in 'Doonesbury,' you know. It's not fun."

Sununu and others in the White House may be mad at him, but Gray's relationship with Bush -- a strong friendship, really, that developed when he was vice presidential counsel -- remains solid. Bush has "developed a confidence and trust level with Boyden that's not going to be shaken," says Republican National Committee Chairman Lee Atwater.

Gray was Bush's first presidential appointment.

A White House insider, asked if the flaps had affected the Gray-Bush relationship, says simply, "No. Why should it?"

There are those who believe the chemistry between the two men is based on their patrician origins. "I'm totally convinced it's class solidarity and nothing else," says a source who worked with the two during the vice presidential years. "Boyden's background is amazingly similar to Bush's -- they come from this narrow spectrum of American society. The president feels very comfortable around him, and it enables Boyden to understand better what goes on in the president's mind. I mean, how many rich WASPs are there anymore?"

Bush and Gray belong to the Alibi Club, perhaps the most exclusive and secretive club in Washington with just 50 members. Their fathers were golfing buddies. Gordon Gray, who died in 1982 (whose own father had been a president and chairman of the R.J. Reynolds Tobacco Co.), was national security adviser to President Dwight D. Eisenhower, secretary of the Army for President Harry S Truman and president of the University of North Carolina.

"Boyden's father was what you might call one of 'The Wise Men' of that generation," says Lloyd Cutler, former White House counsel to President Jimmy Carter and Boyden Gray's mentor at Wilmer, Cutler & Pickering. "He was a citizen-statesman who followed the tradition of Cincinnatus ... Boyden is in that mold of citizen-statesman."

Indeed, Clayland Boyden Gray seems relaxed and comfortable poking around in a large, wood-paneled West Wing office. In the way that only the very rich can manage, he's rumpled and tweedy and looks as if he would greatly benefit if someone would buy him a new shirt. There's a huge hole in the bottom of one of

his shoes, and you get the feeling that if he were preparing to drink a martini, might casually stir it with his finger.

"It's my way of trying to hide my family assets," he joked once when Sen. Sam Nunn (D-Ga.) noticed the hole in his shoe. Gray is worth more than $ 10 million.

Sprawled on the sofa, warily eyeing his visitor, he's charming and funny and serious by turns. He talks about his job as counsel, about the flaps, but seems happier by far when he manages to turn the conversation to Thomas S. Kuhn's "The Structure of Scientific Revolutions" and its theory on cultural resistance to "paradigm shift, the way people think, and why they resist" new ideas like alcohol fuels.

Bush, he notes, pushed alcohol fuels during his vice presidency -- at first as a matter of energy security, and later for environmental reasons.

"At one point," Gray recalls, "I remember Dwayne Andreas [head of Archer Daniels Midland, the giant of the ethanol industry] dragging me aside at dinner or something and saying" -- here Gray assumes a deep voice -- " 'Yew oughta tell George, m'boy, tell Georrrrrge, that he, uh, could really make a big thing in the farm belt by pushing ethanol as a pollution control measure.' And I thought to myself, 'You jerk, I was the one who told your people that it had this benefit!' "

It's not long into the interview before Gray mentions in passing that his old college buddy Billy Nitze (Paul Nitze's son) was "having lunch today with the president, and he asked me to go down." A little later he mentions that he's involved in lunch Friday with the president ... Baker, [national security adviser Brent] Scowcroft, [drug czar William] Bennett and myself."

It's kind of hard to miss the point.

The phone rings, and he takes the call. "I talked to the president about it at noon," he says to someone. "I told him it was a tricky business."

Another call comes and, after keeping the second caller on hold for a minute or so, he finally tells the first, "I got Senator Tower waiting on another line."

He switches to Tower, whose nomination, half an hour earlier, was deep-sixed by the Senate.

"Yes, sir," he says. " ... I'm sorry that it happened, but I thought it was as dignified as possible."

Gray then chuckles at some witticism of Tower's, and hangs up.

He describes his interactions with Bush, modestly, as "just a good working relationship."

The long vice presidential years -- during which Bush and Gray, among other things, spearheaded President Ronald Reagan's effort to reduce government regulations -- put the two men through what Gray calls "some testing, which provides a basis for a working relationship."

Now, as a result, the president "knows what my strengths and weaknesses are he knows when he can trust me, I think, and when he should get somebody else ... do something that is not my area of expertise."

Gray's job, he says, has included advising the president on the Eastern Air Lines strike, reviewing his speeches for legal glitches, coordinating with the National Security Council on the legal implications of presidential actions, and so on. He also says he's been working on the president's proposals for revisions of the Clean Air Act that will soon go to Congress -- this last item being a prime example, in the view of some White House sources, of Gray's meddling in policy matters.

"I'm interested," Gray responds coolly, "in issues involving the environment, as to which I have some expertise." Nevertheless, he insists his job generally "is not to be political. That's Atwater's job. That's other people's job."

Cutler says "everything depends on the president and the use he makes of his counsel." It's important, he says, for the counsel to "have the guts to bring things up even if it makes others mad ... Boyden is maybe not wily and ingratiating, but I think that's one of his strengths ... He's the very essence of integrity."

Most of his time now, Gray says, is still spent on FBI clearances for new appointees. Bush promised during the campaign higher ethical standards than Reagan's, and it has fallen to Gray to monitor this. At the same time, recommendations of the President's Commission on Federal Ethics Law Reform are ' ing forwarded to Congress.

"It's an impossible job," Gray says. "I can see how I make enemies. You tell people that they can't do this and that." But, he adds, "hopefully the message has gotten out that the president feels very, very strongly about these issues ... People know they've got to be on their toes."

There is about Gray, personally, a strange mixture of madcap gaiety -- he frequently attends parties, and stays in touch with scores of old friends -- and a deep sadness that somehow makes itself felt.

He's been unlucky in love. He got married late, to Carol Elizabeth Taylor, a Washington ceramist in her twenties whom he met near his summer place in Maine. It was a gala wedding with a reception at the Metropolitan Club attended by the Bushes. Gray and his wife had one child, a girl, but are now separated.

He worked long hours then, as now, and it was a sore point in the marriage. "It's terribly sad," says Angela Galaud, an artist and friend. "He's almost naive, in a way, about everyday life. He sort of operates on a higher plane."

Earlier, Gray spent many years intensely -- and platonically -- involved with a beautiful woman who was fighting cancer. She won the fight, but they didn't marry. "There's sadness because he's spent so much time alone," says a woman who knows him well. "It's a very lovely part of him, that he would allow himself to be that way, instead of saying that anyone would do for a wife. He's a gentle soul."

"I don't understand his unhappiness," says Drewry James Jones Jr., a Raleigh lawyer who went to law school at North Carolina with Gray. "He probably

doesn't understand it himself, but I suspect all his workaholism may fulfill ıe need not met elsewhere."

Actually, Gray does sort of understand it, and takes a stab at self-analysis in recounting his background. Growing up with three brothers and a sister in Chapel Hill, when his father was president of the university, was a blissful early existence -- but his father was busy and distant, and his mother died when he was only 10. He remembers her punishing him one time by "whacking away at me with a brush and it broke, the pieces flew across the room and I kept on crying, and she was laughing. She shook me and said, 'You're supposed to be laughing, not crying!' She had a great sense of humor. She thought it was the funniest thing that ever happened."

He was sent to boarding school at St. Mark's in Massachusetts, and then to Harvard, where he studied history, was on the board of the Crimson, and graduated magna cum laude. But "I was always," he says, "odd man out isn't the right word, but always different."

He was a Southerner in the North at a time when Southerners were suspect as racist yahoos. In addition, "I came from a relatively wealthy background. I felt different because ... I was more or less conservative" at a time when radical chic was on the rise.

After a stint as an officer in the Marine Corps -- "I didn't see how I could avoid [military service] with a father who had been secretary of the Army" -- he returned to North Carolina for law school. He again found himself, because of ı years in the North, a social outsider.

From the start, Gray shone intellectually. "He's one of the brightest people I've ever met," says Charlie Shaffer, an Atlanta attorney who grew up with him in Chapel Hill. "He was a year younger than everybody in grade school, but he had this tremendous brainpower."

Gray was first in his class and editor of the law review at North Carolina, then went on to a prestigious clerkship for Chief Justice Earl Warren, who liked matching wits with an ideologically conservative clerk.

Trained as an antitrust litigator, Gray found himself at Wilmer Cutler doing some government agency work and planning strategy for lobbyists. He was there 12 years, became a partner and helped fight antitrust legislation and lobby disclosure laws.

In December 1980, Deanne C. Siemer, a colleague at Wilmer Cutler, suggested Gray as a counsel for the new vice president. "I never thought I'd stay eight years," Gray says, "but he constantly made it interesting and challenging."

The sadness in Gray's life, his friends say, unexpectedly helped bring about a happy political gain for Bush. Early in their deregulation work, Bush and Gray decided not to press for changes in regulations that help the handicapped -- a major victory at the time for the handicapped rights movement.

According to Evan Kemp, a handicapped rights leader and commissioner at the ıal Employment Opportunity Commission, Gray came on as "a wonderful, warm person" who "instinctively understood disability." Gray himself says the emotional shocks of his mother's death, his father's distance and his

loneliness at school "may be why I understood better."

In the presidential campaign, he seized on rights for the disabled as an issue and prevailed on Bush to mention it prominently in his acceptance speech and elsewhere. Millions of Americans are disabled in one way or another, and Gray's efforts apparently had an effect, according to Louis Genevie, a vice president of the Louis Harris polling organization, who studied the matter.

"The data demonstrate," he wrote to a Sununu aide after the election, "that 1 to 3 points of President-elect Bush's 7-point margin of victory are directly attributable to the swing in disabled voters from their traditional Democratic leanings toward the President-elect after he pledged to include disabled voters in the mainstream."

Says Atwater: "Boyden was very sensitive politically on the disabled matter, and he helped a lot of us see the light on that ... He had a sincere belief and conviction, and he pursued it with feeling."

Showing off his battered old car, Gray seems totally relaxed and happy.

He slows, accelerates, slows, accelerates.

RRRRRMMMMMMMAAMAMAMmmmmmmmmmmmmmmm

"Not bad," he muses. " ... The paradigm shift, yeah. That's just something I'm curious about. I'd recommend to you the biography of [Sir Alexander] eming, the discoverer of penicillin. Talk about difficulty in getting a new oduct accepted! I mean, think where we'd be if we didn't have antibiotics ... "

rrrrrrrrRAGGHGGGGGmmmm

" ... but it took 12 years, the Second World War and an outbreak of gonorrhea in North Africa in order to spring it loose, and it took Churchill's personal intervention!"

RHUM! RHUM! RHUM!

He crosses Chain Bridge, heads back toward town along the canal -- a little more gently now.

rrrrrrrrrrrrrrrrrrr

"Alcohol fuel is much smoother, too," he says. "Gasoline has 40 or 50 different compounds in it that detonate at different times. Ethanol is just one compound. There's no shaking and rattling."

rrrrrrrrr

He pulls up in front of the White House.

"Not a bad car, huh?"

The Washington Post, March 31, 1989

GRAPHIC: PHOTO, C. BOYDEN GRAY AND HIS METHANOL-POWERED CHEVROLET. WAYNE
!TLOW; , C. BOYDEN GRAY, WHITE HOUSE COUNSEL.

LANGUAGE: ENGLISH

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The New York Times Company
The New York Times

June 11, 1993, Friday, Late Edition - Final

SECTION: Section A; Page 26; Column 1; National Desk; Law Page

LENGTH: 813 words

HEADLINE: At the Bar;
An all-star New York lawyer disputes the idea that he's become a White House bumbler.

BYLINE: By David Margolick

BODY:
Early in the afternoon of June 3, as the candidacy of Lani Guinier disintegrated and the search for a Supreme Court Justice intensified, Bernard Nussbaum slipped out of the White House counsel's office. He had an appointment in New York, and he was determined to keep it.

Months earlier, before names like Zoe, Kimba and Lani were to be bandied about as often as Oprah, the Federal Bar Council of New York made plans to honor Mr. Nussbaum, its past president. When the event rolled around, the 56-year-old lawyer received the usual lawyerly doo-dad -- this time, an antique British wig box -- but also something far more precious: a loving hometown respite from the finger-pointing, second-guessing, and character-assassinating he was enduring in Washington.

"It was a wonderful evening," Mr. Nussbaum said in a telephone interview from the White House. "The fact that 450 members of the bar would come to say 'hello' in the midst of all these attacks was very touching. It gave me the strength to go back and face the wolves."

Changes of venue can produce startling results, but Mr. Nussbaum's move has proven to be the most dramatic since Simi Valley. In two decades at the New York firm of Wachtell, Lipton, Rosen & Katz -- interrupted only by a Watergate-era stint as counsel to the House Judiciary Committee, during which he supervised a young lawyer named Hillary Rodham -- he won a reputation for brilliance and savvy. He was literally a lawyers' lawyer, the man firms like Sullivan & Cromwell and Kaye, Scholer, Fierman, Handler & Hays turned to when they got in trouble.

But a short shuttle ride away in Washington, where he was supposed to supply some gray-haired wisdom to the White House kiddie corps, a different Mr. Nussbaum has emerged, at least to his mostly anonymous critics: politically naive, ham-handed, tone-deaf. It was he, they charged, who was responsible for President Clinton's trifecta of failures -- his first two candidates for Attorney General, Zoe Baird and Kimba Wood, and now, Lani Guinier, the star-crossed choice to head the Justice Department's civil rights division.

As Ms. Guinier went down, only hours after the standing-room-only crowd feted Nussbaum at the Harvard Club, so did his star inside the Beltway. Time magazine called him "bumbling." "That's strike three, Bernie," declared Newsweek. Under the headline "Nussbaum Sized Up for the Blindfold," The

Washington Post speculated he was already en route to the egress.

With a Justice still to be selected and myriad other emergencies to tend to, Mr. Nussbaum is giving few interviews, even to defend himself. Only with Lani Guinier, he said, had he miscalculated, by assuming that any difficulties posed by her academic writing would be outweighed by her record as a civil rights litigator.

He boasted of the appointments that worked, particularly of Attorney General Janet Reno and her top aides. He insisted that the skills he had picked up in takeover litigation -- toughness, the ability to keep cool in a crisis and make quick decisions on imperfect information -- mattered more than more Washington seasoning. And he laughed off the press criticism. "It's sheer nonsense," he said. "It goes with the territory."

He said he retained the confidence of the only man who mattered. "When you're down to one client -- the President -- the only thing that counts is your relationship with that client," he said. "If that relationship is good, then bad stories mean nothing. If that relationship is bad, then good stories don't mean anything. My relationship with the President is good."

"I see the President any time I think it's reasonably necessary," he continued. "Unfortunately, it's been necessary too many times."

Mr. Nussbaum conceded he had not anticipated how hyperscrutinizing and jaundiced the eyes of Washington are. But for all abuse, he said there was "no nder job for a lawyer in the United States. "This President is trying to turn is country around," he said. "To be able to help him do that is glorious."

In Mr. Nussbaum's current rarefied world, even the relaxation is memorable. During the N.C.A.A. basketball tournament, for instance, he and his family joined the Clintons and Barbra Streisand at the White House to watch the Arkansas-North Carolina game. His 83-year-old mother has also visited the White House. His wife and daughter got an inscribed photograph of themselves with Mr. Clinton, who wrote: "To Toby and Emily. Thanks for visiting me and my lawyer at the White House."

Mr. Nussbaum's days start around 7:30, when he leaves his apartment in the Watergate Complex. Seldom does he return before 10 at night. Simple pleasures, like dinners out or movies, have become rare treats.

"This is an all-consuming job," he said. "Every fiber, every talent that I have is being used. And to some extent, I'm still learning."

GRAPHIC: Drawing

LANGUAGE: ENGLISH

LOAD-DATE: June 11, 1993

1ST STORY of Level 1 printed in FULL format.

Copyright 1994 The New York Times Company
The New York Times

March 6, 1994, Sunday, Late Edition - Final

SECTION: Section 1; Page 23; Column 1; National Desk

LENGTH: 469 words

HEADLINE: THE WHITEWATER INQUIRY;
Text of Resignation Letter and Clinton Reply

BYLINE: Special to The New York Times

DATELINE: WASHINGTON, March 5

BODY:
Following is the text of the letter of resignation sent to President Clinton today by Bernard W. Nussbaum, the White House counsel, and excerpts from the President's letter in response:

Dear Mr. President:

It has been a great honor and privilege to serve you as Counsel to the President. I am proud of the accomplishments of this Administration and those that I know will be achieved in the months and years to come. I am also proud of [illegible] many contributions my office has made to the wide array of policy [illegible]atiatives of your Administration.

It was also an honor to have assisted in your choice of Janet Reno to be Attorney General of the United States, Louis J. Freeh to be the Director of the Federal Bureau of Investigation, and Ruth Bader Ginsburg to sit on the Supreme Court of the United States. I am particularly proud of assisting in your selection of more than 60 men and women of the most distinguished and diverse backgrounds ever to serve on the Federal bench.

As I know you know, from the day I became Counsel, my sole objective was to serve you as well and as effectively as I could, consistent with the rules of law, standards of ethics, and the highest traditions of the Bar. At all times I have conducted the Office of the White House Counsel and performed the duties of Counsel to the President in an absolutely legal and ethical manner. Unfortunately, as a result of controversy generated by those who do not understand, nor wish to understand the role and obligations of a lawyer, even one acting as White House Counsel, I now believe I can best serve you by returning to private life. With this letter I am therefore tendering my resignation. It will be effective April 5, 1994, to assist you in arranging for an orderly transition in the Counsel's office.

I will always value your friendship and that of the First Lady, and will always be grateful for the opportunity you gave me to serve. I wish you both the very best.

The New York Times, March 6, 1994

Dear Bernie:

With deep regret, I accept your decision to resign as Counsel to the President. Your friendship and advice have meant a great deal to me over the years.

. . .

You played an especially significant role in the selections of Attorney General Janet Reno, F.B.I. Director Louis Freeh and Associate Justice Ruth Bader Ginsberg. . . .

It has been said that the best a man can give is his living spirit to a service that is not easy. And we have worked together in Washington at a time when serving is hard. But you gave this Administration one of its liveliest spirits and keenest minds, along with your special reverence for duty and friendship. For these contributions, I will be forever grateful; for your accomplishments, I hope you will be forever proud.

LANGUAGE: ENGLISH

LOAD-DATE: March 7, 1994

1ST STORY of Level 2 printed in FULL format.

Copyright 1994 American Lawyer Newspapers Group, Inc.
New Jersey Law Journal

December 5, 1994

SECTION: OP-ED; Opinion and Commentary; Pg. 23

LENGTH: 4437 words

HEADLINE: Nussbaum Defends Conduct as Counsel

BYLINE: By Bernard Nussbaum

BODY:
In New York Bernard Nussbaum made his name as a high-energy, white-collar litigator adept at coping with crises. In Washington, Nussbaum is known as the White House counsel who was consumed by crises -- so much so that he felt compelled to resign his job barely more than a year after assuming office.

So it is perhaps no surprise that Nussbaum chose the comparative warmth of his native New York as the place to speak out publicly on his troubled tenure in the nation's capital.

In a Nov. 15 address delivered to the Association of the Bar of the City of New York, Nussbaum defended his conduct as counsel -- especially his handling of sensitive materials in the aftermath of colleague Vincent Foster Jr.'s suicide, and his decision to meet with Treasury Department officials about the Whitewater affair.

Nussbaum, now a partner with Wachtell, Lipton, Rosen & Katz in New York, says that if he had it to do over again, he would handle the matters the same way. What follows are excerpts from his Nov. 15 address.

I spent 30 years practicing law in New York, and no one outside of this town, perhaps this room, ever heard of me. I spent a little over a year in Washington, and, for a short time I was known from coast to coast.

Now that I am back in New York, I realize that Andy Warhol was right; Anyone can be famous for 15 minutes. What Warhol did not explain -- but what I now know -- is that 15 minutes is plenty. I should have known there was some risk in going to Washington. After years of building a career, I let my practice shrink to one client.

After years of working in [illegible] office buildings, I started working out of my client's house.

And a New Yorker, above all, should have been wary of accepting a job from someone with [illegible] bodyguards following him everywhere. But it was an offer I could not refuse.

I did learn a lot in Washington. If you learn from your mistakes, then even The New [illegible] must find me quite wise by now. Some of those lessons were on really [illegible] matters -- how much I should be paid, why a haircut is sometimes a bad [illegible] not to [illegible] legal matters.

New Jersey Law Journal, December 5, 1994

But in hindsight, I think that manyof the strange events of my year in Washington fit into a bigger picture They illuminate, for better and worse, the times in which we are living. For that reason, I would like to talk a bit about my own experience as counsel to the president and reflect upon some broader issues raised by that experience.

My first job almost two years ago was to participate in a transition from a Republican administration to a Democratic administration, after the Democrats had been out of executive power for so many years. It was not easy, and, to some extent, the transition is still going on.

In view of [the Nov. 8] election results, it may well be that by the time this transition ends, another one will begin. But I would not bet on it -- life has a way of playing strange tricks on us all. Republicans as well as Democrats. If he were alive, you could ask a former distinguished member of our bar -- Tom Dewey. In any event, to envision what it was like two years ago -- and what it will be like two years from now -- imagine entering your law firm one day in [illegible]. Imagine being told that by mid-January everyone and everything would be [illegible] -- every partner, associate, paralegal, secretary, messenger, every matter, every file. But you had to see to it that the firm would be fully operational, that it be prepared to handle crisis matters on a daily basis, with an entire [illegible] team, both of professionals and support staff.

This is what happens, but only on a more significant scale, when there is a change of political party in the White House. Obviously, it is important to the national interest for the transition to be as efficient and effective as possible. [illegible] there were bumps along the way. But, overall, it worked fairly well.

'An Excellent Little Law Firm'

Indeed, in the space of a few months, we created in the White House an excellent little law firm of a dozen lawyers. We did it the old-fashioned way, by attracting many good people. . . . Apart from the appointments process, the counsel's office became consulted by the president and other members of the White House staff on the legal and constitutional implications raised by a host of issues: from gays in the military to NAFTA, to the siege at Waco, to child pornography laws, to civil rights, to the crime legislation, to lobbying reform, to the health-care initiative, to actions respecting Iraq, Somalia, Haiti, Bosnia, [illegible].

The result was that today, at the highest levels of government, as in business, there are very few things you can do without consulting your lawyer somewhere down the line.

But for our little law firm it was, as you can see, a full plate. There was a lot of [illegible] work. It was an exhilarating time. Now I know that the matters I just mentioned were not necessarily the things I am best known for. Other items provoked much more coverage in the press -- particularly, the review and handling of files in my deputy's office after his death, and certain meetings I had with Treasury officials arising out of the Whitewater matter.

Ultimately, they resulted in the controversy which led to my coming home.

I testified [illegible] of those matters before Senate and House committees for [illegible] time until about two in the morning. If you did not

watch as I competed with Jay Leno and David Letterman for the late-night audience, you probably do not want to be kept that late here. So I will spare you the details of that testimony.

Besides, a full account of my appearance before the two committees would shock many of you -- you would learn that, for once, I did not do most of the talking.

But I do want to spend a little time telling you about the matter which caused such controversy. I want to do so not simply to tell war stories, or defend my honor. I want to do so because I believe my experiences are emblematic of a problem that is much larger than the problems of one man.

'Fundamental Misunderstanding'

That larger problem is the following: The media -- and, as a result, the public -- seem to be laboring under a rather fundamental misunderstanding of the role of the president's counsel. The principal source of that misunderstanding, I think, is the failure to appreciate something that one might have though obvious; the fact that the president's lawyer is a lawyer, and that every lawyer -- when engaged in representing the president in his official capacity -- has an obligation to represent his client faithfully and zealously.

It is [illegible] simply a misunderstanding. What I want to suggest tonight is that my critics (in general) and some in the media (in particular) have it [illegible]. The problem is not that lawyers who are in the public arena are too [illegible] in representing their clients; it is that they -- and others in the public arena -- are often not zealous enough, because of a fear of [illegible], of negative publicity and, consequently, of unpopularity, of loss of position.

I will reflect on this a little later on. Right now, let me describe an [illegible] generated a barrage of criticism, but which goes to the role of [illegible] the House -- what I did after the tragic death of my deputy, Vincent [illegible]. When Vince Foster committed suicide, we at the White House lost a friend and colleague, a significant human being. He was the co-senior partner of the [illegible] team we created, and it's hard to imagine having a better one. [illegible] will always miss him.

Soon after Vince's death, I was quickly required to make a judgment about whether it was proper to permit law-enforcement officials to conduct an immediate search of Vince's office. If I did nothing regarding access to files in his office, it would have avoided controversy. But it would also have meant a [illegible] my duty as a lawyer and my obligation to protect the interests of the [illegible].

There were official and personal files in Mr. Foster's office. Some were [illegible] such as a list of potential Supreme Court nominees and others [illegible] sensitive governmental matters. It was my job to make sure that [illegible] we dealt with [illegible] a sensible, balanced way that did not waive [illegible] compromise security concerns on a wholesale basis.

The steps [illegible] took were to establish sensible and balanced access to the files in Vince's office. We sought to preserve the ability of the White House to claim [illegible] to express other concerns with respect to sensitive materials,

although such claims were ultimately never exercised. And we sought to meet the legitimate interests of law-enforcement agencies, which were then searching primarily for a suicide note or an extortion threat.

What did we do? On the night of Vince's death, I and two others spent a very brief period of time in Mr. Foster's office looking to see if he had left a suicide note. We found none and we left. I removed nothing, nor to my knowledge did anyone else. The charge has been repeatedly made -- as recently as two weeks ago in an advertisement in the New York Post -- that I and others in the White House removed documents from Mr. Foster's office on the night of his death. That charge is, plain and simple, a lie. On July 22, less than 48 hours after Vince's death, in the presence of law-enforcement investigators, I reviewed the files and documents in Foster's office. I described the files to the investigators, to enable them to decide whether to ask for any particular documents. The investigators did ask for certain ones; all of them were turned over within a short period of time.

Also on July 22, I gave the personal papers of Mr. Foster and the Foster family to an attorney for the family who was present at the review. The transfer of the papers was made in the presence of the investigators. I told the investigators to talk to Foster's family lawyer about any of his personal documents they wished to review. The investigators did later ask to see personal documents and they were shown them.

After the document review on July 22, I arranged to send the personal files of the [illegible] in Mr. Foster's office to the president's personal lawyers. They included certain files of the president and the first lady relating to their [illegible] real-estate investment.

This decision, to send files to the president's personal lawyer, has generated much controversy. It has been repeatedly insinuated that this was done because of some deep concern with the Whitewater matter.

The truth is, that in July 1993, when these files were transferred, I could not have told you what Whitewater was. It was not until months later that the White House was informed that an investigation involving Whitewater was being conducted by the Resolution Trust Corp.

The facts set out in the independent counsel's report on Mr. Foster's suicide make it clear that in July 1993 Whitewater was not on anyone's mind in the White House, including Mr. Foster's. Whitewater was not mentioned in Mr. Foster's anonymous, poignant torn-up writing, what was found in the bottom of his briefcase during this period and turned over to law-enforcement authorities. In it, Foster listed a number of things which were bothering him. Whitewater was not one of them.

But opponents of the president continue to ignore these facts. They ignore them because they are inconsistent with their misguided and malicious conspiracy theories.

Why were files transferred to the president's personal lawyers in July 1993? They were transferred because, like the documents I handed to Foster's lawyers, they were personal in nature. They involved investments, personal, financial matters and the like. They were used by Mr. Foster in the White House counsel's office to assist the Foster family in completing financial-disclosure

statements, filing tax returns and creating a blind trust.

The work on these projects was complete. With the death of Mr. Foster and the official reason for our office possessing such personal files at an end, no one in the White House counsel's office would be working on these matters, or using these files. After a lawyer's death, a client's files in a lawyer's office belong to the client. That is what I have been taught to believe. The personal files in Foster's office belonged to the president and first lady. And so they were sent on to the First Family, which promptly transferred them to its personal counsel. When the Whitewater matter did erupt in the press five months later, every request of the Department of Justice or the independent counsel for documents was honored. The president voluntarily made his personal files relating to this issue available to investigating authorities.

Nothing was done to prevent any document from subsequently being turned over to law-enforcement authorities, or from being subject to appropriate legal process. The documents were preserved, as was the right to claim privilege. That right, as I said, was never exercised.

Looking back, if I had to do it all over again, I would act in the same way. I was required to make a prompt judgment and I sought to balance various, legitimate interests in a sensible manner. This is the way I believe a lawyer is supposed to act. But what an outcry resulted!

An outcry also resulted from the fact that months later I attended certain meetings with Treasury officials arising out of the Whitewater matter.

At these meetings we were told that the RTC staff was referring an investigation about an Arkansas savings-and-loan association to the Justice Department. The president and first lady were mentioned, but only as potential witnesses; and that it was certain that there would be leaks about this investigation. Within a day or two, this prediction about leaks came true. These meetings with Treasury officials were held to help the White House respond accurately to press inquiries about this investigation.

'The Target of Opponents'

The inescapable reality is that a president is much more likely than anyone else to be the subject of leaks. He is the focus of overwhelming media attention. He is the target of opponents who feel no hesitancy in misusing or distorting information in an effort to discredit him. And, of course, he is required to continue to act, at the same time, at home and abroad, as this nation's chief executive officer and commander in chief.

I believe then, and I believe now, that it is proper for the president's counsel to help the president prepare himself to respond accurately and promptly to press inquiries in such a circumstance and to defend the president against misinformation and dis-information.

It goes without saying that it is not a proper White House function to direct, or in any way interfere with the outcome of an investigation. That would be wholly improper. That did not happen.

The first bit of controversy arose when a top Treasury official told me, early this year, that he might be disqualifying himself from the Whitewater matter --

even though he had been advised that he had no legal or ethical duty to do so. I responded that he should carefully consider -- in consultation with ethics officers -- the appropriateness of such an action.

At the time the Treasury official spoke to me, certain members of the Senate Banking Committee were pressuring administration nominees to recuse themselves from anything to do with Whitewater, even if there was no legal or ethical basis for doing so. They were holding up nominations to get their way. The administration was resisting such efforts for blanket recusal. For me, an important principle was at stake here, as well as a matter of administration policy. As counsel to the president, I was entitled to, indeed I believed I was obligated to, support that principle and that policy.

I believed then -- and I believe now -- that public officials do not have the option of avoiding their responsibilities simply because they are difficult, or inconvenient, or because the officials find it personally or publicly expedient to step aside. Whether they be judges, or legislators, or high executive branch officers, public officials have a duty to do their duty, to call them as they see them, without regard to political pressure or media heat.

This proved to turned out to be the view of the nonpartisan Office of Government Ethics when the facts were reviewed.

'How This Looks'

Never clearer, I learned that this is a controversial notion in Washington and in the media. There, the talisman, the pious concern, is not so much for duty or propriety -- but for how things appear, or can be made to appear. The now famous "appearance of impropriety" standard places the ultimate emphasis on how things look, or again, more precisely, how they can be made to look.

For too many, the resulting lesson is to shy away from doing anything which someone else later claim looks improper -- regardless of whether or not it is improper. The fear of appearing to do wrong prevents too many in Washington from doing what is right. That is a prescription for weakness and paralysis. This recent concern with the "appearance" of conduct, rather than the substance of conduct, was the subject of a powerful critical essay not too long ago, in the Stanford Law Review. That essay contained an apt quotation from Henry Fielding's marvelous work, The History of Tom Jones, which goes as follows:

The most formal Appearance of Virtue, when it is only an Appearance, may . . . seem to be rather less commendable than Virtue itself . . . but it will however be always more commended.

All of which leads me to reflect on the role of counsel to the president in the 1990s.

Many lawyers in this room have served as counsel to a president. Maybe not the president of the United States, but of other institutions: corporations, business associations, universities, bar associations. To be sure, there are important differences between representing the president of the United States and representing anyone else. But, if a counsel to the president is forced to diverge too far from the role of a lawyer generally, we will have weakened both the office of counsel and the office of president.

And we will not have served our country.

It became fashionable, at the time of my resignation, to assert that the counsel to the president is really, counsel to the presidency -- that I should have dedicated myself to the office, to the institution, to the White House, rather than the person. In part, I understand that view. My role did include defending the institutional interests of all presidents -- even Republicans. And I agree that there are some purely personal matters that should be handled by a private attorney. For example, I never drafted the president's will -- which was quite fortunate for him. But I also know that the counsel's responsibility to the institution of the presidency begins with advising the particular individual in that office. You do not give advice to a building or an office. You can only advise its current occupant, who is a human being.

'An Ethical Duty'

And that human being -- in his or her official capacity -- is the client to whom you owe an ethical duty. And that duty includes the duty to preserve confidences; to represent him zealously; and to help him achieve his legitimate objectives. These are duties that a lawyer has in representing any client. They cannot be compromised because the client happens to be president of the United States. To be sure, the White House counsel cannot represent the president's personal interests when they may conflict with the legitimate functions of the presidency, or when they are entirely unrelated to his service as president.

But many issues do affect and are related to the president in his official capacity. Such issues certainly include the confidentiality of documents potentially subject to privilege; the potential impact of a misleading public disclosure; criminal referrals; and whether executive branch officials can recuse themselves willy-nilly when there is no legal or ethical obligation to do so.

In these situations, the counsel to the president has every right, indeed has the duty, to act in furtherance of the president's interests.

Most important, no lawyer, no counsel -- let alone counsel to the president -- should refrain from that duty to protect his own image or standing. A lawyer should not -- indeed, he ethically cannot -- turn his back on his client because the political media heat will be turned up; because someone with an axe to grind, a book to sell, may attempt to make proper conduct appear improper.

The president of the United States, acting in his official capacity, is entitled to have a lawyer in the White House who will give him candid, unrestrained, and confidential advice, who will act to help him achieve his legitimate objectives as president. Such a counsel will contribute far more to his client and to the country, than one who is paralyzed by an overwhelming concern for appearances.

As I have said in letting counsel be counsel, I am well aware -- believe me I am well aware -- that we live in a particularly cynical age. I also recognize there is a risk of wrongdoing in high places. To protect us, we have an array of investigative tools, and congressional hearings, and a free press. Each of these play a critical role in protecting our nation from corruption at every level of government. Especially a responsible press.

But there is also a risk, and it becomes greater each day, that cynicism and sensationalism will undermine our system of government. We have fewer and feebler protections against the risk that our trust in our leaders will be eroded -- not by real scandal, but by wave after wave of unproven, sensationalized allegations. Yet if we grow to trust no one, representative democracy will no longer be possible.

Our political life has been immeasurably coarsened in recent years. In these days of "Hard Copy" and The American Spectator, there is no story too bizarre, or thinly researched, that it cannot appear as part of our national news, that it cannot be piped into our homes each evening. And our established news outlets, as they compete for a place in the sun in a world of hundreds of cable channels, are increasingly taking their tone and their stories from the fringes of our national media.

Harper's magazine just last month ran an analysis of The New York Times' coverage of Whitewater. It is called "Fool for Scandal: How the Times got Whitewater Wrong." I commend it to you. The core of the article is reflected by this premise:

Absent the near-talismanic role of The New York Times in American journalism, the whole [illegible] of allegations and suspicions subsumed under the word "Whitewater" would never have made it to the front page, much less come to dominate the national political dialogue for months at a time. It is all the more disturbing, then, that most of the insinuations in the Times' reporting are either highly implausible or demonstrably false.

I will not recite for you the article's detailed rebuttal of the Whitewater charges and the press against the president. But I will quote its apt conclusion: "In the post-Watergate, post-everythinggate culture, no reporter wishes to be insufficiently prosecutorial -- particularly not when the suspects are the President and his wife. By definition they've got to be guilty of something; it may as well be Whitewater."

Now, how may you respond to such criticism of media excesses by quoting back to us Thomas Jefferson, who began his career by deifying the press. As many of you know, Jefferson said: "Were it left for me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer [newspapers]."

What most of us forget is that Jefferson ended his career, after being president, by recanting: "A man who never looks into a newspaper is better informed than he who reads them; inasmuch as he who knows nothing is nearer to the truth than he whose mind is filled with falsehoods and errors."

Now, I have to admit, he sounds even angrier than I do, I guess it was tough in Washington in those days also.

"No Man [illegible]"

[illegible] bullet to [illegible] the kind of cynicism that exists today. But I do have one suggestion that I know will be considered crazy, but is not. My notion is that Washington needs more good lawyers, not fewer. My idea is that [illegible] generally should hew more closely to the ideals of our [illegible]

New Jersey Law Journal, December 5, 1994

We lawyers know and accept that our jobs may include bad press and conflict. We are familiar with the concept that you must do your duty to your client, even in the time of widespread disapproval.

When we are at our best, we know what it means to be steadfast in difficult circumstances -- to be principled, consistent, and strong.

That is too often missing in public life. It needs to be retrieved. And I believe in the long term -- even the medium term -- it not only makes for the best government, it makes for the best politics.

Before I sit down, I should take my own advice, and be noncynical, and express my positive feelings for my year as counsel to the president. I was deeply honored to serve my country and the president. I will always be grateful to him for the opportunity he gave me. And, as I said earlier, I am proud of our achievements, of how I served. I am in some ways just as proud of how I left, because at all times I did my duty as I saw it -- at all times I called them as I saw them.

To those still in the administration, I wish the best. As a tribute and as a challenge to them, in these difficult days -- and to all those who enter this or any other administration -- I would invoke the words of Teddy Roosevelt:

The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who at best, if he wins, knows the thrill of high achievement and, if he fails, at least fails daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.

Well, I have now known a little of both.

LAW JOURNAL EDITORIAL

LOAD-DATE: December 19, 1994

THE WHITE HOUSE
WASHINGTON

August 6, 1995

BY TELECOPY

Robert Giuffra, Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Bob:

This letter responds to the Committee's request for information about persons with access to 456-6266, the public telephone number for the Office of the First Lady, as modified by your letter of August 4, 1994. It also addresses questions raised in your letter of August 2, 1995.

I have spoken with Melanne Verveer, Deputy Chief of Staff to the First Lady, who is on vacation. She has no recollection of speaking with Susan Thomases on July 20-22, 1993. Numerous attempts to contact Neel Lattimore, the First Lady's Deputy Press Secretary, who is in China, have failed. Others who worked in the Office of the First Lady at the time, however, believe it is unlikely that Ms. Thomases would have asked to speak with him about events related to Mr. Foster's death. We will continue efforts to reach Mr. Lattimore.

Before receiving the Committee's modified request on Friday, we did manage to contact a number of the elderly volunteers who worked in the suite of offices into which calls placed to 456-6266 were received during the relevant time period. Most of them said that Ms. Thomases was a frequent caller to the office. None had a specific recollection of speaking to Ms. Thomases on the days in question.

I understand that, in seeking the above information from the White House, the Committee hopes to determine with whom Ms. Thomases spoke when she called 456-6266, as reflected in the telephone records she produced to the Committee. In that regard I note that on any particular call, Ms. Thomases could have called into 456-6266 and have been transferred to a different number and then spoken to someone in the White House other than those people we have questioned.

Robert Giuffra, Chief Counsel
August 6, 1995

In your letter dated August 2, 1995, you requested documents and computer records relating to Ms. Gorham's testimony that she maintained an index of Vincent Foster's files on her hard drive. We have located such an index among text files that were downloaded from Ms. Gorham's hard drive at the time she left the White House. The electronically stored document is identical to the document we produced to the Committee as Z 001110-17.

The electronic record of this document, which was stored under the name FILES.WWF, reflects that it was last saved on October 25, 1993, at 2:14 p.m. I am enclosing a page from a directory of files on Ms. Gorham's hard drive that was printed out on November 9, 1993, which reflects this information (Z 001227). There are no other indices of Mr. Foster's files among the computer files downloaded from Ms. Gorham's hard drive.

In your August 2, 1995, letter, you asked a series of questions about the indices bearing Bates numbers Z 001104-09 and Z 001118-23. According to our records, these documents were in the boxes of files that were packed by Tom Castleton in November 1993. The document bearing Bates numbers Z 001104-09 was in a box identified by Tom Castleton as containing documents from Cabinet I of Mr. Foster's office. The document bearing Bates numbers Z 001118-23 was in a box identified by Mr. Castleton as containing materials from Ms. Gorham's desk.

We understand from Ms. Gorham's recent testimony before the Committee that she may have prepared these indices initially, but does not recall updating them on July 22, 1993. Those who we believe most likely to have information about the preparation and maintenance of these indices are Ms. Gorham, Linda Tripp, Betsy Pond and Tom Castleton, all of whom already have given testimony to the Committee under oath. Please let us know if we can be of any further help to the Committee.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

Enclosure
cc: Richard Ben-Veniste
Minority Special Counsel

11-09-93 12:40p Directory C:\WORK\WP51\FOSTER*.*
Free: 45,586,432

. Current <Dir> .. Parent <Dir>

REDACTED

FILES .VWF 8,074 10-25-93 02:14p

Z 001227

First Family - SF 278

First Family - 1994 Income Tax Returns

First Family - General

HRC - CLE/Arkansas Law License

First Couple - Blind Trust

First Family - Arkansas Home

POTUS - Arkansas Office

WJC - Passport

WJC - Papers

First Family - SF278 pre-POTUS



THE WHITE HOUSE
WASHINGTON

September 1, 1995

BY TELECOPY

Robert Giuffra, Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Re: Deborah Gorham's Hard Drive

Dear Bob:

The Special Committee to Investigate Whitewater Development Corporation and Related Matters has made several inquiries regarding indices of files in Vincent Foster's office that may have been maintained on the hard drive of the computer used by Deborah Gorham. In my letter of August 6, 1995, I explained that we had located an index of files in Vincent Foster's office, identical to the document we produced to the Committee as Z 001110-17, among text files that were downloaded from Ms. Gorham's hard drive at the time she left the White House. I also informed you that there were no other indices of Mr. Foster's files among the computer files downloaded from Ms. Gorham's computer.

After we provided this information to the Committee, on August 9, 1995, Chairman D'Amato and Senator Sarbanes requested that the White House ask the Federal Bureau of Investigation to assist us in examining the hard drive formerly used by Ms. Gorham "to locate any electronically stored information reflecting or relating to the Vincent Foster file indices that your office previously produced to the Special Committee, including when the indices were initially prepared and when thereafter they were revised or updated." Our work with the FBI is completed and did not result in the location or identification of any such information.

To satisfy the Committee's request, we undertook the following steps. Computer support personnel identified the computer used by Ms. Gorham during the relevant time period, an IBM Personal System 2, Model 55 SX, serial number 23-1067944. Associate Counsel Miriam Nemetz examined the intact files on the

hard drive of the computer to confirm that no indices of Mr. Foster's files are among them.

Ms. Nemetz then worked with Special Agent Thomas R. Murray, a computer specialist with the FBI, to examine the data on the hard drive that is not part of an intact file. The process has been described to me as follows. In order to preserve the integrity of the hard drive, Mr. Murray first tranferred an image of the hard drive to a Pinnacle optical disk. Employing forensic software regularly used by FBI personnel, Mr. Murray then extracted all data from the hard drive that was not part of an intact file, including both data from file slack space and data from free and reserved clusters. The data was filtered to remove non-printing characters. The filtered data from the slack space was printed. Filtered data from the free and reserved clusters, which was too voluminous to print, was uploaded to Ms. Nemetz's hard drive.

In consultation with Ms. Nemetz, Mr. Murray performed string searches for selected words from the hard copies of the indices in which the Committee has expressed interest. Because these searches were fruitless, Ms. Nemetz reviewed all of the filtered data extracted by Mr. Murray. There were no indices of Mr. Foster's files among this data.

Please feel free to call me if you have any questions.

Sincerely yours,

Jane C. Sharburne
Special Counsel to the President

cc: Richard Ben-Veniste
Minority Special Counsel

SWIDLER & BERLIN
CHARTERED

JAMES HAMILTON
ATTORNEY-AT-LAW

DIRECT DIAL
(202)424-7526

June 20, 1995

Michael Chertoff, Esq.
Special Counsel
Senate Whitewater Investigation
Latham & Watkins
One Newark Center, 16th Floor
Newark, New Jersey 07101-3174

Dear Mike:

Enclosed is an inventory of the items received from Vince Foster's office. This is submitted pursuant to my letter sent you on June 13, 1995. We ask that this inventory be treated as highly confidential documents pursuant to the Security Procedures of the Special Committee to Investigate Whitewater Development Corporation and Related Matters, dated June 13, 1995.

Sincerely,

James Hamilton by mes

James Hamilton

JH/cmb

Enclosure

cc: Richard Ben-Veniste, Esq., w/enc.

6040290.1

3000 K STREET, N.W. • SUITE 300
WASHINGTON, D.C. 20007-5116
(202)424-7500 • TELEX 701111 • FACSIMILE (202)424-7643

INVENTORY OF DOCUMENTS

Box #1
(Box of personal documents and effects taken from White House office of Vincent Foster on July 22, 1993, with the permission of representatives of the DOJ, Park Police and FBI).

(1) Manila file entitled "Insurance," includes documents relating to insurance and appraisal of Arkansas home and personal belongings of Mr. and Mrs. Foster.

(2) "Metropolitan Washington/Baltimore Area Map" published by Relocating Counseling Center.

(3) Black Notebook entitled "Foster Notebook," which contains addresses and phone numbers of friends and former business associates.

(4) Various loose papers, including predominantly Amex dinner receipts, ATM or other receipts and bills, and some handwritten notes relating to his rented home in Georgetown and other personal matters.

(5) A pair of brown glasses (bifocals) in a brown case.

(6) Assorted check stubs from personal checkbooks.

(7) Unused deposit slips and envelopes for his personal account with Charles Schwab.

(8) File entitled "Personal & Confidential 1993 Personal Photos," includes several photographs of Mr. Foster with the President and staff members at White House functions.

(9) File entitled "Personal & Confidential 1993 Rose Building Limited Partnership," includes Mr. Foster's assignment of his interest in the Rose Building Partnership dated 4/01/93.

(10) File entitled "Clinton Memos," which included two documents stamped "President has seen" and was promptly returned to B. Nussbaum.

(11) File entitled "Lease Agreement 1993 5414 Stonewall," includes original and copies of 6/09/93 lease agreement on Arkansas home.

(12) File entitled "VWF Personnel Folder," includes various Federal Employee Manuals and copies of Mr. Foster's White House personnel forms.

(13) File entitled "VWF Form 278," includes memoranda on issues concerning Mr. Foster's trust interests.

(14) File entitled "Personal & Confidential 3027 Cambridge Place NW," includes documents relating to the Fosters' lease of Georgetown house.

(15) File entitled "Personal & Confidential Moving Expenses" includes documents relating to automobile rentals during the period 3/17-4/18/93.

(16) File entitled "VF 1992 Tax Returns," includes documents relating to the estate of Mr. Foster's father, Vincent Foster, Sr.

(17) File entitled "Personal & Confidential Mineral Interests," includes documents relating to mineral interests in land conveyed under his father's will.

(18) File entitled "Personal & Confidential Financial Statement - 1991 1040," includes drafts of Mr. Foster's 12/31/92 personal financial statement, and a copy of Mr. Foster's 1991 federal tax return.

(19) File entitled "TWA Airlines," includes Mr. Foster's frequent flyer information.

(20) File entitled "Northwest Airlines," includes Mr. Foster's frequent flyer information.

(21) File entitled "Mid-west Express," includes Mr. Foster's frequent flyer information.

(22) File entitled "United Airlines," includes Mr. Foster's frequent flyer information.

(23) File entitled "Delta," includes Mr. Foster's frequent flyer information.

(24) File entitled "Lisa - Frequent Flyer," includes Mrs. Foster's frequent flyer information.

(25) File entitled "US Air," includes Mr. Foster's frequent flyer information.

(26) File entitled "VWF, III Resume & Bio," includes copies of Mr. Foster's son's resume.

(27) File entitled "Personal & Confidential Laura Foster," includes correspondence relating to a potential summer internship for Mr. Foster's daughter.

(28) File entitled "Personal & Confidential WH Federal Credit Union," includes rules and regulations, and terms and conditions of the White House Credit Union, various account statements, brochures, and withdrawal/deposit slips.

(29) File entitled "Personal and Confidential Truck," includes documents relating to the registration of Mr. Foster's 1984 Ford truck.

(30) Paper weight with initials engraved.

(31) Twelve framed photographs of family members, White House personnel and newspaper cartoons.

Box #2
(Box of personal effects sent over by Mr. Nussbaum the week of July 26, 1993)

(1) Various Books:

Essentials of Government Ethics	*(Meridian)*
Putting People First	*(Clinton/Gore)*
Roget's Thesaurus	*(Doubleday)*
We, The People	*(U.S. Cap. Hist. Soc.)*
Market Liberalism	*(CATO Institute)*
The Lobbyists	*(Birnbaum)*
Popular Quotations for All Uses	*(Copeland)*
Federal Civil Judicial Procedure and Rules	*(West)*

(2) Mr. Foster's incomplete 1993 Calendar (last entry is June 22, 1993)

(3) Brown book containing the at times very personal handwritten observations of Mr. Foster on (1) Election day 1992, (2) March 9, 1993, and (3) March 10, 1993. The handwritten observations appear on only four pages.

(4) Copies of the following:

(a) an article from 3/23/93 Washington Post regarding financial disclosures of White House personnel

(b) 6/18/93 edition of The Arkansas Daily Record, which included an article about Arkansas Bar awarding Mr. Foster for outstanding service;

(c) 6/24/93 Wall Street Journal, which included an editorial about Mr. Foster.

(5) Two candlesticks (Returned to White House)

(6) Umbrella (Returned to White House)

(7) Additional framed photographs and pictures.

(8) Mr. Foster's empty black briefcase, which subsequently was delivered to Alexis Suggs of the Independent Counsel's Office on 4/19/94.

SWIDLER & BERLIN
CHARTERED
3000 K STREET, N.W.
SUITE 300
WASHINGTON, D.C. 20007-3841
(202) 944-4300
(202) 424-7643 (telecopier/fax#) - Suite 300
701131 (telex#)

TELECOPIER/FAX TRANSMITTAL

Today's Date: June 21, 1995 Time: 10:03am

TRANSMITTAL TO

Individual: Michael Chertoff, Esq.
Latham & Watkins

Telecopy No: 201-639-7298

Telephone No: 201-639-1234

Total # of Pages: 2 (including cover page)

TRANSMITTAL FROM

Individual: James Hamilton

Direct Phone #: 202/424-7724

Attorney Code: 487

Billing Code: 8821.01

Fax Cover Sheet Message: The attached may have inadvertently been omitted from the letter which you will receive Federal Express from us today.

If there is a problem with this transmission, it is important that you notify:

Name: Charlotte Barrett Phone #: 202/424-7587

THE INFORMATION CONTAINED IN THIS COMMUNICATION IS CONFIDENTIAL, MAY BE ATTORNEY-CLIENT PRIVILEGED, MAY CONSTITUTE INSIDE INFORMATION, AND IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE. UNAUTHORIZED USE, DISCLOSURE, OR COPYING IS STRICTLY PROHIBITED AND MAY BE UNLAWFUL. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US AT THE NUMBER LISTED DIRECTLY ABOVE. THANK YOU.

Box #2
(Box of personal effects sent over by Mr. Nussbaum the week of July 26, 1993)

(1) Various Books:

Essentials of Government Ethics	*(Meridian)*
Putting People First	*(Clinton/Gore)*
Roget's Thesaurus	*(Doubleday)*
We, The People	*(U.S. Cap. Hist. Soc.)*
Market Liberalism	*(CATO Institute)*
The Lobbyists	*(Birnbaum)*
Popular Quotations for All Uses	*(Copeland)*
Federal Civil Judicial Procedure and Rules	*(West)*

(2) Mr. Foster's incomplete 1993 Calendar (last entry is June 22, 1993)

(3) Brown book containing the at times very personal handwritten observations of Mr. Foster on (1) Election day 1992, (2) March 9, 1993, and (3) March 10, 1993. The handwritten observations appear on only four pages.

(4) Copies of the following:

(a) an article from 3/23/93 Washington Post regarding financial disclosures of White House personnel

(b) 6/18/93 edition of The Arkansas Daily Record, which included an article about Arkansas Bar awarding Mr. Foster for outstanding service;

(c) 6/24/93 Wall Street Journal, which included an editorial about Mr. Foster.

(5) Two candlesticks (Returned to White House)

(6) Umbrella (Returned to White House)

(7) Additional framed photographs and pictures.

(8) Mr. Foster's empty black briefcase, which subsequently was delivered to Alexis Suggs of the Independent Counsel's Office on 4/19/94.

6040316.1

Z000364

BW

Videotape - 6/19/93 - Arkansas Bar Hsm

Calendar

Newspaper Clips

Title 28 - USCode

User Is Manual - See pre

Docket - re: see Calls

Diary - See pho

Telephone Logs -

Hope, Arkansas

Personal note - Valentine - not - pd to ave Sale -

7/30 - 3 calls -

~~Vince Foster~~

Document related to Foster/Vt. trust - prov. legal advice

Z000365

Note to UF re: legal research - healthcare -

coverage in courts Hatchquity - bar -

Editorials - newspapers - privileged communication -
given by BN -

Legal paper - colleg/law

Medpaths / healthcare -

Correspdce - internal in - office - in connect w/ official duties -

letter in connect w/ official duties - misuse of UF for confidence

memo re: Senate duties -

Insurance policies - property/casualty
- motor vehicle

letters having to do w/ Probate -

Note having to do w/ limits

Letter re: jobs

Similar people want jobs

Z000366

bet OF fin. disclos before Little Rock —
w/ ~~[illegible]~~ funds

Contin. edit

letts on behalf of Pres.

Matter in WH

matter in WH Counsel's Office

" " Asst. Sp. Tech

Reprint of Amer. Legion story

Health Care Story -

Office of Govt. Ethics Mail

Memo from and for Counsel to Vice -

Letter in connection w/ Watkins

memo re: WH

Notice: WH duties

7000367

Note = work-related

Magazines —

Memos — back people in Cent Ops —

WH letter — WH Cent Ops ; Subj/Ops

Intra-Office memo —

Invitation

Calendar

Manuscript

letter w/ spec -

memo — Office/Visa Permits

memo - INR to WH

Budget - [redacted] WH

memo - Visa Cent - Department

letter w/ Third Parties

7000366

Memo to pass in Whs Hse - draft complete -

Memo - in Council's Office -

Memo to SW - sent to V.-C

Memo for Solicitor

Phrasing - [redacted]

Letter for Natl Archives

Letter re Issue re Council House -

Memo re: the Officials -

Note - mean a not -

List - April - Vacancies in the Council's Service -

2 Notes on Issues in Council's Hse -

- list of Hse's workforce -

- work in progress pg -

- staff Hse's unhealthy - sickness -

Z000369

Various issues - ethics, say
People we've worked —

2/4/93 —
Drill issues
~~RSS~~ Judicial appts -

Use Jud. awards —

Confidential —

Volunteers — use / volunteer —

Notes on transcription —

Use possible people —

Tips to work on - Essay order —

Tape recorder - list to w. —

Notes / meetings —

"Workways"

Note re: meeting

" " . . "

Z000370

(W) Magazines — Reviews —

- Expenditures — memorandum —

- Rules re: distribution of publications —

- Distribution — Foreign Affairs — cyclostyled — gifts —

World-celebrities — assigns to be given in gifts

- White — Magazine —

- Statistics (Circulation)

- Printing —

- Acquisition (Gifts) —

- Transit Privilege (Parcel Express) —

- Wall prints — how to exhibit wall prints —

- Insufficient weather stripping. Express —

- Memo re: postal. cc — Lubricating —

- Messages before there were phonographs —

Stenography —

2000371

Docs re: Exec. Resident expenses —

Legal opinions — OCC legal opinions re. gifts —

Memo re staff to Carter re romantic —

Letter to Jack Ross from Sen. Dole —

Newspaper articles re Billy Jr. —

1120 — Ark. papers —

Atlanta Constitution

Article - 1/13 —

Another article re: appointment —

Entertainment expenses — re. Docs

Payment of expenses re: travel —

Travel expenses —

Articles —

"Love's Spirit"

Z000372

letter - April 8 -
- Sandy asked to be given to ACC -

Matter has several enclosures: [illegible] -

memo - I asked to be contacted ASAP - by -

List of people at WH + addresses

Cards -

Unsigned letter to be for two firms -

Resume

List of people - using law firms - Work - related -

[redacted]

List - work - related - 2 sheets -

List of phone #'s for firms -

Phone calls for Feb.

Check cards -

Work - related

Z000373

... Bills —

... Invitations to Cindy —

Schmidt Cat - pmd —

Notable listings / people helps — may be check mates from old fs —

Real file

... Work- related

... Travel

... Address books:
into media
making - ART. Trial Lyon

Tel #'s — Cabinet under

... WH pmd list

... Intnl WH Tel. #'s

Old members — PR Events — Addresses —

Z000374

Drive - all wells - work with -
sap Eulogio

Tract
. Wilcox -
. Clay -

Work wells -

WH Bonita

Morning News Survey -

File down
- all work - with
- "Resolve" "Reject"

World address

Finance division

Various work wells or Finishing -

Jobs. warrants

Last 7 people - prepare books 7 prospective wives -

Trees. Rep

Marine Hospital - 2000375

"State Jobs Insolvent"

Quarantine

Book Proposal ~~Work~~ Work Formal Notice

Book a Cuba

Market Clerk

Cuba mil. Fac -

Judic. Selects -

3/18 - Letter re: poster - maj Prog. Information W.A. -

Card -

Judic. Select process -

Book - work-relief -

Books -

Work-relief -

1000376

Pers. appts folders —

Briefing books

Pers. files —
- Tax rules
- Eng Flyer —

Official business
Certificates
Fed-state
Foot Fly —

Priority items.

Work-related - Health Care Task Force —

Speeches

- Address to DUSee's - 4/6
- Notes re: various legal issues —
- letters & articles
- L. Rev articles
- Bar - D.

- "Doctors Unchecked" — 2000377
- legal opinions
- Cases —
- Healthcare —
- (*) Computer

Burn by

- loss
- Briefings —
- refers to ...
- attachments —

- notify personnel
- employee staff —

Personal stuff

Don Flynn, Secret Service 2000378
Paul Imbordino

Capt. Charles Hume, U.S. Park Police
Det. Pete Markham, U.S. " "

Scott Salter, FBI
Dennis Condon, FBI

David Margolis, DOJ
Roger Adams, DOJ

Mike Spafford, FAA

WH
Berne
Cliff
Steve Nemirth
B.U Burt

Get Maggie - get in touch - get Hall, Nesbitt —

Brand Book -

Z000379

7000340

Joel —
Here's the
current draft.
— Cliff

Clifford M. Sloan
Notes of Meeting
July 22, 1993
Page 1 of 16

BN

Videotape - 6/19/93 - Arkansas Bar Assn

Calendar

Newspaper clip

Title 28 - USCode

User's manual - secure phone

Document - re: secure calls

Directory - secure phone

Telephone directory -

Hope, Arkansas

Personal note - Volunteer - note - put to one side

7/20 - 3 calls

Documents related to First Family re: trust - privileged advice

Z000341

Note to VF re: legal research - health care

Correspondence in connection w/[attending?] mtg. - bar

Editorials - newspapers - privileged communication - given by BN

Legal paper - college of law

Malpractice/health care

Correspondence - internal in-office - in connection w/official duties

Letter in connection w/office duty - misuse of WH for commercial reasons

Memo re: summer clerks

Insurance policy - property/casualty
- motor vehicle

Letters having to do w/President

Note having to do w/his duties

Letter re: jobs

Similar people wanting jobs

Z000342

Get VF finan. disclosure form [from?] before Little Rock.

WH function

Continuing education(?)

letters on behalf of Pres.

Matter in WH

Matter in WH - University of Arkansas

" " - Ark Rep. Theater

Reprint of Amer. Lawyer story

Health Care Story

Office of Govt. Ethics Manual

Memo from one of our counsel to Vince

Letter in connection w/WH duties

Memo re: WH

Note re: WH duties

Note - work-related

Magazines -

Memos - between people in counsel office

WH letter - WH Counsel office & somebody else

Intra-office memo

Invitation

Calendar

Malpractice reform

Letter re: speech(?)

Memo - Office of Vice President

Memo - internal to WH

Budget - WH

Memo - Asst. Counsel - Deputy counsel

Letter re: official duties

Z000344

Clifford M. Sloan
Notes of Meeting
July 22, 1993
Page 5 of 16

Memo to person in Pres. office - draft correspondence

Memo - in counsel's office

Memo to BN - sent to Vince

Memo from Sobol

Phone log

Letter from Nat'l Archives

List of issues re: Counsel office review ____(?)

Memo re: tax obligations

Note - rec [recommendation?] on a note

List - April - various issues in the Counsel's office

Notes on issues in counsel's office

- list of things he's working on
- looking at every page
- stuff he's [worked on?] - conditions(?)

7000345

Various issues - ethics issue

People we're looking at

2/4/93

Diff. issues

Judicial appts.
Use of mil. aircraft
Cabinet retreat
Volunteers - use of volunteers

Notes on transition

Listing possible people

Things to work on - Exec. Order

Tape recorder - listen to it

Notes of meetings

"Work notes(?)"

Notes re: meeting

Calendar re: matter - May

Z000346

*May calendar - review

- Expenditure - memoranda
- Rules re: what WH can spend $$ for
- Disbursements(?) - Exec Residence - _____ - gifts

Work - related materials - assgts to be given in office

- WHTO - Mgmt review
- Standards of Ethical Conduct
- Pres. library
- Acceptance of Gifts
- Transition planning/transition expenses
- WH functions - how to spend WH funds
- Inaugural matters/inaugural expenses
- Memo re: potential ee [employee] - Labor Dept.
- Messages - before there were phone logs

Stationery

Z000347

Docs re: Exec. Residence expenses

Legal opinions - OLC legal opinions - re: gifts

Memo - one staff to another - nomination

Letter to Janet Reno from Sen. Dole

Newspaper articles - nothing [personal?]

1/20 - Ark. papers

Atlanta Constitution

Article - 1/3

Another article re: appt

Entertainment expenses - residences

Payment of expenses re: travel

Travel expense [stuff?]

Articles -

"Gore's speech"

Z000348

Letter - April 8 -
- somebody asked to be given to HRC

Matter he's working on - w/other people in office

Memo - 1 Asst. to Pres. to another Asst _____

List of people at WH & addresses

Cards -

Unopened letter to him from law firm

Resume

List of people - various law firms - work-related

List - work-related - 2 [stats? [statutes] states?]

List of phone #'s in office

Phone calls from Feb.

Checkbooks

Work-related

Z000349

Bills

Invitation to _____

[Schwab acct - personal?]

Notebook listing names of people he knows - may be client matters from old firm
Personal[recusal?] file

Work-related

Transition

Active matters

Intern _____

Membership - Ark. Trial Lawyers

Tel #'s - Cabinet members

WH personnel list

Internal WH Tel. #'s

Old memoranda - RR & GHB - Administrations

Z000350

Drawer - all matters - work-related

Sep. categories

Trash

- WH envelope
- CU [credit union] slip

Work notes

WH Bulletin

Morning News Summary

File drawer

- all work-related
- "residence" "renovations"

Work orders

Financ disclosure

Various investment matters re: First Family

Judicial nominations

List of people - prepare book of prospective nominees
[trans.?]

Treas. Regs.

WH Mess

Z000351

Marine Helicopter

"State Justice Institute"

Q_____

Book Pres. would write ~~forward~~ Foreword to

Book on Civ. Pro.

Market Liberalism ~~[name of a book]~~

WH mil. office

Judic. selection

3/18 - letter re: posters - using Pres. likeness next(?) WH

Card -

Judic. selection process

Book - work related

Books

Work-related

S.Ct. candidates

Z000352

Pres. appt. folders

Briefing books

Pers. files

- tax returns
- freq. flyers

Official business

Conflicts(?)

Fund-raisers

First Family

Property in Ark.

Work-related - Health Care Task Force

Speeches

- Address to DOJ ee's - 4/6
- Notes re: various legal issues
- letters & articles
- L.Rev. articles
- ABA [policies?]

Z000353

- "Doctors unchecked"
- Legal opinions
- Cases
- Health Care

*Computer

Burn bag

- lists
- background investigations [?]
- references to jobs
- arbitration of claims
- nothing personal
- campaign stuff

Personal stuff

Z000354

Don Flynn, Secret Service
Paul Imbordino

Capt. Charles Hume, U.S. Park Police
Det. Peter Markham, U.S. Park Police

Scott Salter, FBI
Dennis Condon, FBI

David Margolis, DOJ
Roger Adams, DOJ

Mike Spafford, family

WH

Bernie
Cliff
Steve Neuwirth
Bill Burton

get Maggie - go thru office - get HRC, WJC stuff

7000355

Brant Buck



W. DAVID WATKINS
ASSISTANT TO THE PRESIDENT
FOR MANAGEMENT AND ADMINISTRATION

THE WHITE HOUSE (202) 456-2861

The park police called and Bill was on the phone with them. Dee Dee and David were in Mack's office too. I realized somewhere in the conversation, which I was hearing from one side, that there was no note found in the car. As a matter of fact, I think Bill asked the policeman.

I then asked the three of them if anyone had made sure that the trash had not been dumped in Vince's office. At that point Bill said we should get Bernie and lock the office. I am uncertain what time that was, but probably after 10pm. I don't remember who told Bernie, but he went up and locked the office.

During the evening, I don't recall anyone wondering around, especially on the second floor. As a matter of fact, I came upstairs to gather work to do while I was going to sit in Mack's office and was a bit spooked by the fact that I was all alone.

I said, I guess we should make sure the trash had not been dumped, and Bill agreed. I asked the cleaning ladies on the first floor and they said they had already dumped the trash. So I asked them where it was and they took me up to the second floor

20TH STORY of Level 1 printed in FULL format.

Copyright 1993 U.S. Newswire, Inc.
U.S. Newswire

August 2, 1993

SECTION: NATIONAL DESK

LENGTH: 12347 words

HEADLINE: Transcript of White House Press Briefing by Dee Dee Myers

CONTACT: White House Office of the Press Secretary, 202-456-2100

DATELINE: WASHINGTON, Aug. 2

BODY:
Following is a transcript of today's (Aug. 2) White House press briefing by Dee Dee Myers: 1:15 P.M. EDT

MS. MYERS: Good afternoon. I have no announcements, so if you have any questions --

Q Any update on where the NATO allies stand? Could you clarify the use of unilateral use of U.S. military action if the NATO allies refuse to go along with the U.S. position on Bosnia?

MS. MYERS: Well, as you know, the meeting in Brussels is ongoing. They're still in session there, I believe, and we'll probably have some kind of readout when that meeting is over there in Brussels. We hope to work -- we fully expect to work through with the allies a common position on this. We expect that they will join us in support for stopping any more deterioration in humanitarian conditions there and in helping to move the negotiations forward in Geneva.

Q Is that ruling out acting alone if they don't go along with our plan?

MS. MYERS: We just don't think we're at that point yet. We fully expect that the allies will support us in this. And so that discussion is ongoing in Brussels this afternoon.

Q Can you explain why it was that the State Department spokesman was so unequivocal yesterday?

MS. MYERS: I think his -- and I don't want to speak for him -- but he was making the point that we're determined to take action on this. We fully expect the allies to support us as we move -- and the meeting in Brussels is specifically to look at ways to prevent further erosion in the humanitarian conditions in Bosnia and to further the negotiations ongoing in Geneva. We expect that the allies will support us in that. We've had a number of conversations with them over the course of the past week. But we expect to take additional action in concert with the allies.

Q Given the history of this whole idea, however, why should anyone believe you, particularly in the former Yugoslavia?

MS. MYERS: I think the situation there has gotten worse. I think -- and I think we will do everything we can to prevent further deterioration of the humanitarian situation, not just in Sarajevo, but in other parts of Bosnia. In addition, I think this is a slightly different position.

Q Are you sure you can do everything we can?

MS. MYERS: We will -- we're looking at options of what we can do. We will do what we can to prevent the situation.

Q The reason I ask that is it seems to have been a disconnect -- or maybe not --between the White House and officials at the State Department on this issue. Officials at the State Department are suggesting fairly strongly that something truly new and different is afoot here, and the White House keeps saying, no, no, we're just sticking with what we've always said would be policy. What is the --

MS. MYERS: No, I don't think that's quite what we're saying. I think what -- in terms of how we expect this action to proceed, we're in Brussels now discussing with the allies further steps to take. We fully expect that our allies will be with us on this.

Q And do you fully expect to act within days then?

MS. MYERS: I think what he meant in that regard was that -- and, again, I don't want to get in the position of speaking for him -- but with respect to Resolution 836, Secretary -- I mean, Boutros-Ghali had said last week he expected that to be -- things to be in position by the beginning of this week. We don't expect that that has changed. So if there is another attack on UNPROFOR forces and if they'd request support, that should be ready in a matter of days. As to additional action, I don't think we have a timetable on that.

Q As part of this, the effect on the peace talks -- apparently now the Serbs have agreed to give up one of their artillery positions outside Sarajevo. Is the effect of all of this talk possibly just to influence those negotiations.

MS. MYERS: Clearly, we've always maintained that what we want is a negotiated settlement toward -- for Bosnia. We've always maintained that. But we need to see actions on the ground,

not just words. I mean, we're encouraged, but we're certainly not going to stop at the Serbs' word. We've seen that before. Obviously, our goal here is a negotiated settlement to stop the fighting.

Q Have you changed the policy that no U.S troops will be introduced into Bosnia except as guarantors of a signed peace agreement?

MS. MYERS: There's been no change in that position.

Q So anything that you're proposing to the allies right now does not involve U.S. ground troops?

MS. MYERS: That's right. There's been no change in our position. The only circumstances under which we would contemplate U.S. ground troops is to implement an agreement reached by the parties.

Q To any -- I mean, in any number? Specifically with regard to the ground --

MS. MYERS: There's just been on change --

Q artillery spotters and things like that?

MS. MYERS: No change in our position. There's just been -- there's no change.

Q So the artillery spotters would be Europeans or other allied representatives?

MS. MYERS: There's -- Yes, there's just been -- that's correct. There's just been no change there.

Q During the last -- Secretary Christopher's last trip to Europe, the White House made quite clear that it would only act multilaterally. Are you prepared to restate that or has there been a change in that position?

MS. MYERS: The negotiations in Brussels are ongoing. We just

don't see any -- it's just premature. We don't expect there's any need for anything else. We expect that the allies will be with us on this and we expect to go forward in concert with them.

Q But was it premature to say that last time? In other words, you made it quite clear prior to the Secretary's mission that you contemplated only multilateral action.

MS. MYERS: I think that we fully expect the allies to be with us on this. We fully expect to go forward in concert with them.

Q But isn't a change of policy when now we're now willing to -- is it not a change of policy when now you're not willing to say like you were before that we're only going to act multilaterally?

MS. MYERS: We're just not there yet. The conversations in Brussels are ongoing.

Q What -- you were there a couple of months ago and you're not there now?

MS. MYERS: We're in the midst of discussions were we fully expect our allies to work with us to solve this problem.

Q But you're not ruling out -- you won't rule out unilateral action?

MS. MYERS: We're just not there. We fully expect the allies to work with us on this.

Q But when you say you're not there, what does that mean? What do you mean you're not there? Not where?

MS. MYERS: In the respect to the action being contemplated and what they're discussing now in Brussels, we fully expect the allies to be with us. So there's no need to discuss anything --

Q I understand that, but when you say you're not there --

MS. MYERS: We're not to a point where that would even be discussed.

Q But the operative phrase is always "fully expect." What if you don't get what we're looking for? What if they chicken out?

MS. MYERS: That's hypothetical. I'm not going to --

Q But you fully expected the allies to be supportive the last time Secretary Christopher went on a mission and they were not. And, in fact, it was somewhat of an embarrassment to this administration to have been talking very explicitly about military action that was contemplated which then could not take place.

MS. MYERS: Well, I think the circumstances have changed somewhat. This is, as you know, a different proposal than we contemplated in May. We've had a number of discussions over the course of the past week or so, more than a week, with our allies and we expect them to move forward with us on this. We have every expectation that they support this.

Q Did you deliberately intend to send the signal that Mike McCurry did last night? That you would act with or without the allies -- that the U.S. government would act with or without the allies?

MS. MYERS: I think that our position continues to be that we fully expect this action to be multilateral, that --

Q Was he out in front of the curve.

MS. MYERS: It's not for me to say.

Q Sure it is. (Laughter.)

Q Well, somebody's got to speak for the administration.

MS. MYERS: Well, Secretary Christopher -- no, Secretary Christopher spoke to that a little while ago, and he spoke directly to Mike McCurry and I think -- will let his comments on that stand. And I'd be happy

to try to make those available.

Q A few minutes ago you said it would be premature to talk about anything beyond the collaborative process. Are you saying that any statements to the contrary were then premature?

MS. MYERS: I think I'll let my statements on that stand. The administration's position is that we're moving forward. The talks in Brussels are ongoing. We fully expect the allies to be with us on this, and beyond that we have nothing more to say.

Q Did the Secretary clarify this?

MS. MYERS: Yes, he spoke to it.

Q The President said that those stories were exaggerated, that they had gone beyond the pale. Are you retreating from that position or was the State Department off base?

MS. MYERS: I think I've clarified what the U.S. position is and Secretary Christopher spoke to it.

Q Well, then it doesn't match what was said yesterday.

MS. MYERS: It doesn't match what was reported yesterday, that's correct.

Q Everyone reported the same briefing --

MS. MYERS: I understand.

Q Well, were they misquoted?

MS. MYERS: I understand. Again, Secretary Christopher spoke to Mike's comments and I will let the Secretary's response to that stand. We'll have a transcript, and I'd be happy to make that available for you all.

Q Mike didn't say what he was reported to have said?

MS. MYERS: I'm just saying I'm not going to comment on Mike's comments other than to clarify what the administration's position is.

Q So the administration has not said that he was wrong and you're still not saying that he was wrong?

Q What?

MS. MYERS: I've clarified what the administration's position is, I think, and I think I will let Secretary Christopher go beyond that. I don't think it's my role.

Q You don't think it's --

MS. MYERS: I don't think anybody's saying that. All's I'm saying is it's not for me to comment on Mike's comments. I've done -- I've laid out what the administration's position is and I think that's all we need to say about it.

Q What exactly is the administration's position with regard to additional action beyond protecting U.N. forces? If the Serbians were to stop firing on Sarajevo, would that be enough? Would you also ask them to retreat from positions around Sarajevo as a condition for not activating your plan? You keep saying that you're in talks in Brussels about this. What exactly is "this"?

MS. MYERS: This is action within existing U.N. resolutions to stop further deterioration of humanitarian conditions, to prevent the strangulation of Sarajevo, and to do what we can to support the negotiations, move toward a negotiated settlement in Geneva.

Q Military action?

Q As long as relief convoys, for instance, were permitted to reprovision Sarajevo and the shelling ceased, would that satisfy you?

MS. MYERS: Well, there are two sets of actions we're talking about, the first one within the context of 836. If UNPROFOR forces are attacked and request assistance, that will be the context for action

there. The context for action -- additional air strikes, other things, or specifically additional air strikes are what's being discussed today in Brussels.

Q To what purpose? What is the objective of the administration on the very point you just mentioned? What do you want to see on the ground?

MS. MYERS: We would like to see an end to the erosion of humanitarian and to urge them to urge their colleagues to support the plan. I think we're going to do very well among the members of the Progressive Caucus, but we're certainly not taking their votes for granted.

Q At this point he needs votes and not from the Progressive Caucus, however.

MS. MYERS: He -- I disagree with that. He very much needs the votes of the Progressive Caucus and we don't want to lose any of those by taking their votes for granted.

Q where he might be concerned about --

MS. MYERS: I'm not --

Q some votes of the Progressive Caucus.

MS. MYERS: If we -- if the President is effective at this, we won't have to be concerned. But he's not taking any votes for granted.

Q about the executive order on entitlement cuts? The President said he might have one of those ready for conservative Democrats in the House Wednesday or Thursday. Is that still the schedule or is he just going to send maybe a letter over outlining

some things he's going to do because there are some concerns about the wording?

MS. MYERS: Yes. As you know, he said he'd be willing to either consider additional legislation or an executive order to codify the review that was passed in the House plan. I don't believe any final decisions have been made about that yet. But he'd certainly be willing to consider it.

Q the rest of the week look like. And is he going to go up to the Hill on Wednesday morning?

MS. MYERS: It's unclear. He will continue to meet with opinion leaders from around the country and with regional media. I think he's leaving a lot of flexibility in his schedule for the rest of the week in order to deal with what comes up in the budget process. The only thing that's on in addition to some of regional -- meeting opinion leaders is -- what is it? The Urban League. Urban League on Wednesday at the Washington Hilton. And I believe it's around noontime.

Q he said he'd meet with the President -- or talk to him on the budget. That he'd be willing to talk with him. Does the President have any plans to talk with him?

MS. MYERS: The President has no plans to meet with Mr. Perot.

Q

Q

MS. MYERS: Does the President? No

Q Is the President doing a trip next week before he goes to see the Pope in Denver?

MS. MYERS: I think that there's a good chance that he will travel at the early part of next week and then

Q flood related?

MS. MYERS: Not necessarily. I wouldn't rule out that there will

be a flood step. But there are no specific plans at this point, but I would leave open the possibility that we would travel Monday, Tuesday or Wednesday of next week before the President goes to Denver on Thursday to see the Pope.

Q Will he come back here before going to Denver, or might this be --

MS. MYERS: It could -- I think anything is possible. I think it's possible we could go out Wednesday and not come back.

Q on the budget. When you say you fully expect that the budget will pass, what do you base those expectations on? On people who have told the President privately that they're open to being talked into it? On --

MS. MYERS: Sure.

Q a vibe?

MS. MYERS: No, no, no. On -- we've had -- as you know, we've had a number of conversations with all of these folks. They've been -- we've had a lot of conversations and I think -- this is based on our hope, based on what we know where various Senators stand on the package.

Q Dee Dee, on Boren, if you could --

MS. MYERS: This is based on conversations. I wouldn't say that it's completely done at this point, but I think our expectation is that it will be.

Q wishful thinking?

MS. MYERS: Well, I wouldn't say that. I think it's based on an expectation -- based on a number of conversations that when the time comes, the votes will be there.

Q As far as Boren is concerned, Dee Dee, he voted for the President's package the last time around. So much of the House- Senate conference compromise was designed to satisfy him and his needs, and now he's gone ahead and announced that he's not going to support the President's plan. How could you not feel betrayed by Boren?

MS. MYERS: Ultimately the President believes this plan will pass. I think this is not a neat and clean process. I don't think -- again, we didn't ever count on Senator Boren's support for this phase of the process. We're going to get the votes someplace else. So, we'll see.

Q administration object to the inclusion in the package of things that aren't in there now that would go to benefit individual members' states and districts in exchange for their agreeing to vote for the package? Would you object to an agreement like that?

MS. MYERS: That's an open-ended question which I'm not going to answer. I think it would depend on what it was. If there was something that was beneficial -- I mean, first of all, the conferees are working out the final details. I think in broad number of discussions over the course of the past week or so -- more than a week with our allies, and we expect them to move forward with us on this. We have every expectation that they support this.

Q Did you deliberately intend to send the signal that Mike Mccurry did last night. That you would act with or without the allies -- that the U.S. government would act with or without the allies?

MS. MYERS: I think that our position continues to be that we fully expect this action to be multilateral. That --

Q Was he out in front of the curve.

MS. MYERS: It's not for me to say.

Q Sure it is. (Laughter.)

Q Well, somebody's got to speak for the administration.

MS. MYERS: Well, Secretary Christopher --

Q

MS. MYERS: No, Secretary Christopher spoke to that a little while ago, and he spoke directly to Mike McCurry and I think I will let his comments on that stand. And I'd be happy to try to make those available.

Q A few minutes ago you said it would be premature to talk about anything beyond the collaborative process. Are you saying that any statements to the contrary were then premature?

MS. MYERS: I think I'll let my statements on that stand. The administration's position is that we're moving forward. The talks in Brussels are ongoing. We fully expect the allies to be with us on this, and beyond that we have nothing more to say.

Q clarify this?

MS. MYERS: Yes, he spoke to it.

Q The President said that those stories were exaggerated, that they had gone beyond the pale. Are you retreating from that position or was the State Department off base?

MS. MYERS: I think I've clarified what the U.S. position is and Secretary Christopher spoke to it.

Q it doesn't match what was said yesterday.

MS. MYERS: It doesn't match what was reported yesterday, that's correct.

Q

MS. MYERS: I understand.

Q Well, were they misquoted?

MS. MYERS: I understand.

Q I mean, was --

MS. MYERS: Again, Secretary Christopher spoke to Mike's comments and I will let the Secretary's response to that stand. We'll have a transcript, and I'd be happy to make that available for you all.

Q did he say what he was reported to have said?

MS. MYERS: I'm just saying I'm not going to comment on Mike's comments other than to clarify what the administration's position is.

Q said that he was wrong and you're still not saying that he was wrong.

Q What?

MS. MYERS: I've clarified what the administration's position is, I think, and I think I will let Secretary Christopher go beyond that. I don't think it's my role.

Q

MS. MYERS: I don't think anybody's saying that. All's I'm saying is it's not for me to comment on Mike's comments. I've done -- I've laid out what the administration's position is and I think that's all we need to say about it.

Q exactly is the administration's position with regard to additional action beyond protecting U.N. forces? If the Serbians were to stop firing on Sarajevo, would that be enough, or would you also ask them to retreat from positions around Sarajevo as a condition for not activating your plan? You keep saying that you're in talks in Brussels about this. What exactly is this?

MS. MYERS: This is action within existing U.N. resolutions to

stop further deterioration of humanitarian conditions to prevent the strangulation of Sarajevo and to do what we can to support the negotiations, move toward a negotiated settlement in Geneva.

Q military --

Q As long as relief convoys, for instance, were permitted to reprovision Sarajevo and the shelling ceased, would that satisfy you?

MS. MYERS: Well, there are two sets of actions we're talking about, the first one within the context of 836. If UNPROFOR forces are attacked and request assistance, that will be the context for action there. The context for action -- additional air strikes, other things, or specifically additional air strikes are what's being discussed today in Brussels.

Q To what purpose? What is the objective of the administration on the very point you just mentioned? What do you want to see on the ground?

MS. MYERS: We would like to see an end to the erosion of humanitarian conditions there and we would like to support negotiations toward a settlement in Geneva. Ultimately, we'd like to see negotiated settlement and a cessation of hostilities in Bosnia. That's the ultimate goal.

Q I'm just wondering what the trigger would be for air attacks under this additional plan.

MS. MYERS: And that's what's being discussed now. It's part of the conversation in Brussels working out the specifics about how this would work operationally.

Q But it's your plan so you ought to be able to tell us what is in your plan.

MS. MYERS: I am not going to tell you. The plan -- conversations about this are ongoing and no final decisions have been made. So I'm not going to get into the specifics.

Q Does your plan fall -- does command and control of your plan fall under the auspices of NATO or the United Nations? Boutros Ghali is saying any response under 836 is his call.

MS. MYERS: Well, 836 -- exactly.

Q You agree with that. But then for the additional action that may be contemplated, whose call is that?

MS. MYERS: Well, as you know, NATO is meeting about it today and they will work out exactly how that will be triggered. But that is something that is being handled at the North Atlantic Council today.

Q Would that be Boutros Ghali's decision or the U.N.'s decision, or is it something that NATO and the United States would determine?

MS. MYERS: It's something that NATO is looking at now and exactly how it's structured will be worked out. But it's something that is, we believe, permissible under existing U.N. resolutions, particularly 770.

Q unilateral or multilateral -- do you have a timetable?

MS. MYERS: No. Again, that's something that they're discussing.

Q Do you have a range?

MS. MYERS: No.

Q A period?

MS. MYERS: No.

Q At risk of getting the same answer that you've been throwing at us time and again, are the NATO forces today discussing not whether to do this, but how to do it?

MS. MYERS: Well, I think you'd establish -- they'll establish a

set of criteria that would trigger action. And I think that's something we'll have to wait and see how it's structured. I mean, I think that the United States is determined to move forward with its allies to, again, prevent the deterioration of humanitarian conditions and to further negotiations in Geneva. And so I think there will be -- that plan will be worked out.

Q On a non-Bosnia subject?

Q Oh, good.

Q The President talked to David Boren today and can you give us an idea of who he has talked to in terms of rounding up votes, other than what we know about already in the public schedule?

MS. MYERS: Yes. As you know, he met with the Progressive Caucus this morning --

Q Why?

MS. MYERS: To continue to press for support for the economic package.

Q Is he concerned about support from any members of the Progressive Caucus?

MS. MYERS: I think that we're not taking a single vote for granted on this. As you know, it's very close in the House. It will be close again --

Q Can we get the answer to my questions first and then you can follow?

Q I'm sorry. Sure.

MS. MYERS: I'll have to take that because I don't know that he's talked to any member of the Senate today In the House --

Q Including Senator Boren?

MS. MYERS: I don't believe so, but let me take that.

Q Is the confidence expressed by Vice President Gore yesterday diminished in any way by the apparent defection of Senator Boren?

MS. MYERS: No. As you know, the Vice President made those comments after Senator Boren announced his intentions. I think that we always expected this would be close, but we do expect that in the end the President's plan will pass.

Q Are the changes that have been made in the Social Security provision today -- do you think that's enough to get you the votes that you need in the Senate, or do you expect that there's going to have to be some more fiddling around the margins before you can seal this deal?

MS. MYERS: I mean, I think -- they haven't finished. They haven't produced a conference report yet. We'll see what they produce by the end of the day.

Q Are you thinking that they're going to be able to produce by the end of the day, or are you --

MS. MYERS: Their guidance to us was that they thought they would be able to. I haven't heard anything to the contrary, though I don't know what -- I certainly wouldn't place any bets as to what time they'll get done.

Q The President still planning to address the nation tomorrow?

MS. MYERS: Tentatively

Q Has that been more tentative given the timing of the conference?

MS. MYERS: No, it was always tentative based on the timing of the conference which is why we didn't put out -- make a formal announcement about it. But we're hopeful that we can go forward tomorrow night.

Q If it is tomorrow, what time?

MS. MYERS: Probably 8:00 p.m.

Q It's been reported that in his conversation Boren that he's -- I don't know -- very laid back, that he didn't pressure Boren, that he didn't twist any arms, that he thanked Boren lavishly for supporting him on campaign finance reform and other issues. Does the President think that there's some value in being tougher with some of these people? Or is this the mode of his meetings?

MS. MYERS: Well, I think --

Q Did he hug him? (Laughter.)

Q Or did he refuse to hug him?

MS. MYERS: That's classified. He sends a lot of subtle messages.

Q How would you describe his --

MS. MYERS: Oh, I think like anybody else, he has different relationships with different individuals and chooses to work and talk with them differently. I'm not sure we ever expected Senator Boren's vote on the final package.

Q Does he feel disappointed and in any way --

Q Betrayed.

Q betrayed is the right word -- thank you. Does he feel betrayed by Senator Boren's performance on this?

MS. MYERS: No. I think -- I mean, as you pointed out, and Senator Boren pointed out, he's certainly voted with the President on a number of tough votes. And I expect he'll continue to do so over the years. We didn't ever count him as a yes on the conference portion of this package. Obviously, the President would like to have every member of the Senate he can get and particularly every Democrat, but that's not realistic. This is a good package, but it's a tough package and ultimately we think it will get if passed. But we're going to lose some folks.

Q What about Bob Dole's invitation to a summit?

MS. MYERS: As you know, there have been a number of summits in the past, and I think five out of six have actually resulted in higher, not lower deficits. We've been working on this package now for the past five or six months. The President believes it's a very good package, it meets his objectives that will bring the deficit down and get the economy moving in the right direction again. And this will pass.

Q Has the President called today, or does he plan today, or did he call over the weekend any of those six Democrats who voted no against --

MS. MYERS: I took that question. I don't think he -- I don't know if he has any plans to call them today.

Q Who did he call over the weekend?

MS. MYERS: I believe he spoke with Mitchell and Foley, and perhaps Moynihan. But I can take that --

Q Those are tough vote (Laughter)

MS. MYERS: Well, I think just -- they worked very hard --

Q Did he hug them?

MS. MYERS: It was a phone call so I was kind of hard. It was a very -- they worked very hard last week to try to maintain the President's principles in this package.

Q Did he call any fence-sitters over the weekend?

Q What are those principles?

MS. MYERS: I don't -- you asked for it.

Q my question about the meeting with Progressive Caucus. What was the purpose of it? And given Senator Boren's defection and the meeting with the Progressive Caucus, did the President feel that maybe a lot of the compromises he made at Boren's insistence were wasted?

MS. MYERS: No, I think that, as you know, the Senate Finance Committee, that was probably the toughest part of this -- one of the toughest parts of this process. And I think that it was clear we weren't going to have the votes in Senate Finance for Btu tax from early on. That was something we said at the time.

He met with the Progressive Caucus because he's met with all of the caucuses to urge them to support the plan and to urge them to urge their colleagues to support the plan. I think we're going to do very well among members of the Progressive Caucus, but we're certainly not taking their votes for granted.

Q At this point he needs votes and not from the Progressive Caucus, however.

MS. MYERS: I disagree with that. He very much needs the votes of the Progressive Caucus and we don't want to lose any of those by taking their votes for granted.

Q Show me where he might be concerned about --

MS. MYERS: I'm not --

Q some votes of the Progressive Caucus.

MS. MYERS: If we -- if the President is effective at this, we won't have to be concerned. But he's not taking any votes for granted.

Q about the executive order on entitlement cuts? The President said he might have one of those ready for conservative Democrats in the House Wednesday or Thursday. Is that still the schedule or is he just going to send maybe a letter over outlining some things he's going to do because there are some concerns about the wording?

MS. MYERS: Yes. As you know, he said he'd be willing to either consider additional legislation or an executive order to codify the review that was passed in the House plan. I don't believe any final decisions have been made about that yet. But he'd certainly be willing to consider it.

Q What's the rest of the week look like? And is he going to go up to the Hill on Wednesday morning?

MS. MYERS: It's unclear. He will continue to meet with opinion leaders from around the country and with regional media. I think he's leaving a lot of flexibility in his schedule for the rest of the week in order to deal with what comes up in the budget process. The only thing that's on in addition to sort of regional meeting of opinion leaders is -- what is it? The Urban League? Urban League on Wednesday at the Washington Hilton. And I believe it's around noontime.

Q Ross Perot was in town today. He said he'd meet with the President or talk to him on the budget, that he'd be willing to talk with him. Does the President have any plans to talk with him?

MS. MYERS: The President has no plans to meet with Mr. Perot.

Q Did he see him last Friday?

MS. MYERS: Did the President? No.

Q Is the President due a trip next week before he goes to see the Pope in Denver?

MS. MYERS: I think that there's a good chance that he will travel at the early part of next week and then --

Q Is that flood relief

MS. MYERS: Not necessarily. I wouldn't rule out that there will be a flood stop. But there are no specific plans at this point, but I would leave open the possibility that we would travel Monday, Tuesday or Wednesday of next week before the President goes to Denver on Thursday to see the Pope.

Q Would we come back here before going to Denver, or might this be an overnight?

MS. MYERS: It could -- I think anything is possible. I think it's possible we could go out Wednesday and not come back.

Q One more time on the budget. When you say you fully expect that the budget will pass, what do you base those expectations on? On people who have told the President privately that they're open to being talked into it? On --

MS. MYERS: Sure.

Q a vibe?

MS. MYERS: No, no, no. On -- we've had -- as you know, we've had a number of conversations with all of these folks. They've been -- we've had a lot of conversations and I think -- this is based on our hope, based on what we know where various senators stand on the package.

Q Dee Dee, on Boren, if you could --

MS. MYERS: This is based on conversations. I wouldn't say that it's completely done at this point, but I think our expectation is that it will be.

Q Wishful thinking?

MS. MYERS: Well, I wouldn't say that. I think it's based on an expectation -- based on a number of conversations that when the time comes the votes will be there.

Q As far as Boren is concerned, Dee Dee, he voted for the President's package the last time around. So much of the House- Senate conference compromise was designed to satisfy him and his needs, and now he's gone ahead and announced that he's not going to support the President's plan. How could you not feel betrayed by Boren?

MS. MYERS: Ultimately, the President believes this plan will pass. I think this is not a neat and clean process. I don't think -- again, we didn't ever count on Senator Boren's support for this phase of the process. We're going to get the votes someplace else. So, we'll see.

Q Does the administration object to the inclusion in the package of things that aren't in there now that would go to benefit individual member states or districts in exchange for their agreeing to vote for the package? Would you object to an agreement like that?

MS. MYERS: That's an open-ended question which I'm not going to answer. I think it would depend on what it was. If there was something that was beneficial -- I mean, first of all, the conferees are working out the final details. I think in broad strokes we know what the package is going to look like, and the President believes that it meets his principles.

Q Right, but would you object to an appropriation for federal money that is not in there now being put in between now and the time it's voted on?

MS. MYERS: That's a blanket question. I haven't seen it. Show me a specific and perhaps we'll comment on it.

Q Are you open to negotiation on that point?

MS. MYERS: The conference committee certainly is open to negotiation on it. They're going to --

Q You wouldn't object if someone convinced the conference of the inclusion of something that benefitted --

MS. MYERS: No, I'm saying I'm not going to answer that question in its sort of blind, charging horse form. (Laughter.)

Q Well, if that's the way you feel about it.

Q angry at any member of Congress at all for any vote?

Q Ever? (Laughter.)

Q Does the President get angry?

MS. MYERS: Sure.

Q At Brit.

Q How about on the budget?

MS. MYERS: No, he loves Brit. I think he's expressed his sentiments to a number of members and worked very hard to get them to support the package, made sure that they know what's in it.

Q How does he express his anger? (Laughter.)

Q Take it out on you, Dee Dee? (Laughter.)

Q By jogging.

MS. MYERS: Yes --

Q A week ago in Chicago, right? Speech, remember? Was that an expression of his anger when he complained about gridlock?

MS. MYERS: I don't know if that was anger, but I think he certainly feels strongly about that.

Q What was that if it wasn't anger?

MS. MYERS: Passion. (Laughter.)

Q Oh, boy.

Q Speaking of passion, how committed is the President to the meals and entertainment deduction, given that would be very beneficial to Nevada and you need Bryan's vote?

MS. MYERS: As you know in the original package we proposed a reduction in that deduction and I think the President feels that that was a good proposal, but we'll see what comes out in the final package.

Q Is the President meeting this afternoon with some Californians in regard to the budget?

MS. MYERS: Yes, there's a group of opinion leaders in from California. We've done this with a number of states.

Q Is Willie Brown. --

Q Who is that?

Q Can you give us a few samples?

MS. MYERS: I don't have a list -- I don't have a list, but, yes, Willie Brown -- it is --

Q Tommy Lasorda?

MS. MYERS: I could only hope, but I think that that's not going to happen.

Q Ronald Reagan?

MS. MYERS: That's okay.

Q What's the purpose of the meeting with the Californians? Hasn't he got the two senators yet?

MS. MYERS: Yes, but one of the things that we're trying to do is to help make sure that the public understands the components of the plan. And we found it very effective over the course of the last few weeks to meet with groups of opinion leaders from various states to talk to them -- different people, not just the President, but various members of the administration -- the economic team have gone in there and answered these folks questions about what's in the package, how it will affect them, how it will affect small business -- as much as we'd know about the final

details, which has been very helpful. Then those individuals can go back to their states and talk to other people and try to make sure that there is an accurate perception of this plan. For example, 80 percent of the new taxes in this plan are on people making over $200,000 a year. I do not know that that is yet a widely held perception, but we're making headway.

Q We've been watching Americans in the Midwest for over a month now filling sandbags and trying to prevent flooding of their cities and farmlands. And the question is beginning to come from the Midwest: Where's the Army? Why aren't there tens of thousands of troops out there filling sandbags and helping create these levies and fight the floods, bringing sanitation equipment, water purification equipment?

MS. MYERS: The governors have not requested it.

Q Has it been offered?

MS. MYERS: I think that the understanding is if they requested, it was something that we would consider. But I think -- and I will double-check this, but I believe Governor Branstad and others said that they didn't think it was necessary. I don't believe they've changed that perception.

Q Do you expect a final report on Mr. Foster's death to come out this week?

MS. MYERS: To the best of our knowledge, the Park Police are still operating on a timetable that they'll finish it by the end of the week or toward the end of the week. And then I think they'll have to make a decision about what to do with it.

Q Dee Dee, you mentioned the other day that Vince Foster advised the Clintons on private legal matters as well as counsel. Was he separately remunerated for that?

MS. MYERS: Before coming to the White House, it was done through the Rose firm, I believe. And once he came here, no, I don't believe so. And I will --

Q Does that mean it was it done on a pro bono basis, or what?

MS. MYERS: No, it was part of -- it's part of the legitimate function of the Counsel's Office.

Q Has it ever been done that way before?

MS. MYERS: I believe -- I don't know the answer to that. I will take it.

Q Would you? I'd appreciate it.

Also, was he -- what is the status of the blind trust -- the Clinton blind trust? Was that something he was drafting? It was, wasn't it?

Q Question?

MS. MYERS: The question was what is the status of the Clinton blind trust. And I believe he was and I'll have to take that as well. I believe it's been set up.

Q It was our understanding that it had not yet been set up. Can you check that?

MS. MYERS: Yes.

Q Also, there was a fund in which Mrs. Clinton had $50,000 or $100,000 invested that -- some percentage of which was medical stocks. Was Vince Foster a co-investor with her in that?

MS. MYERS: There was one fund that was reported on their tax return, and I'll have to take that as well. I don't know the details of it.

Q Does she still hold that stock, do you know?

MS. MYERS: I don't believe so. But, again, I think it -- I

don't know if it was stock or a mutual fund. I think it might have been a mutual fund.

Q Yes, it was a mutual fund, I believe. Also, how would you characterize the nature of the advice she got from him on health care matters?

MS. MYERS: Legal.

Q Question?

MS. MYERS: What was the nature of the advice that Vince Foster --

Q Wasn't also policy?

MS. MYERS: No, it was largely legal. It might have been exclusively legal. But, for example, he was the --

Q But it wasn't legal just about her status, it was about --

MS. MYERS: Well, that was a big part of it. I mean, he was the person that advised -- he was the lawyer in the Counsel's Office who handled the FACA suit.

Q Right.

MS. MYERS: So that did have a great deal to do with her status.

Q Did that suit, by the way, specify that she would be considered a public official only for purposes of that kind of thing and not for certain other purposes?

MS. MYERS: I don't think it was that narrow.

Q I'm talking about the White House pleadings.

MS. MYERS: No, I understand that. I don't think that the pleading was that narrow, that I think it went to her status generally. But, you know, I will -- in fact, what I'll -- I'll take that, but there's -- other lawyers in the counsel's office that can certainly speak to the details of that. I can talk to you about it afterwards.

Q Dee Dee, as far as you know, he discontinued, or -- I'm sorry -- he was not paid for any service he provided to the Clintons personally?

MS. MYERS: I'll take the question, but not that I know of.

Q When and how does the President plan to tell the American people what his Bosnia plan is? Usually when you have some sort of a military action or imminent action, he does something like an Oval Office address. But if you're going to use that for the budget address, would you be wanting to do two of them back-to-back like that? Or would we possibly see something tomorrow night --

MS. MYERS: In the commercial break.

Q Segue --

MS. MYERS: No. I think that tomorrow's Oval address, should it go forward, will focus on the budget. Once a final decision has been made per the meeting in Brussels and other things, I think we'll make a decision about how to go forward with that, both in terms of policy and in terms of talking to the American people about it. I don't think we're there yet.

Q One question on next week's schedule. What's your expectation at this point when he goes off to Denver, will he be coming back here after that or will he be staying out, or do we not know yet?

MS. MYERS: Expect that he'll stay out through the 26th.

Q So he'll go out -- he'll go to Tulsa for the governors and he'll just stay out?

Q And the 12th, wait, did you say the 12th to the 26th?

MS. MYERS: The 12th to the 26th. They'll be back in Washington on the 27th.

Q And do we know where he's going to be going in the meantime?

MS. MYERS: For planning purposes only, and this could change, but the tentative schedule as of now is: Denver on the 12th to see the Pope. There's a possibility that he'll go to California on the 13th.

Q Vacation or business?

MS. MYERS: Business, just to sort of do a couple events. We don't know where and we don't know exactly what yet. On the weekend, which would be the 14th and 15th --

Q Isn't he doing a Denver fundraiser?

MS. MYERS: Coming back to Denver on Friday night, the 13th.

Q What's the California event again? I'm sorry.

MS. MYERS: In California we don't know. Back to Denver to do something for Governor Romer on the night of the 13th. So it will be a day trip to California, back to Denver, an event for Governor Romer. Then he'll go to Vail for the weekend, which is the 14th and 15th, vacation. Then he goes to Tulsa on Monday the 16th for the Governors Association, NGA.

Q What kind of speech is that?

MS. MYERS: I don't know the details of that yet.

Q Is it likely to be health care or is that --

MS. MYERS: We just haven't finally resolved that yet. Then I think he'll go to Fayetteville for two days on Tuesday and Wednesday. And then to Wyoming through the 26th.

Q When does he fly to Wyoming?

MS. MYERS: Unclear. It would be either --

Q Where in Wyoming?

MS. MYERS: Somewhere near Jackson. Is that where you're going to go on vacation? (Laughter.) Your worst nightmare: All of these guys are staying in your hotel. (Laughter.)

Q All the --

MS. MYERS: I wouldn't rule that out.

Q Will he be in one of these places where he is out of the way and we can't get near him?

MS. MYERS: Yes, large property, large, expansive --

Q And he doesn't come off and there's no speech --

MS. MYERS: He will do things like play golf but --which would probably be off the premises but I think he expects to spend as much time as possible --

Q Family pool?

MS. MYERS: Family pool, although there's certainly been a request to take a press plane so that everybody can share in the fun. But I think, on a day-to-day basis, it would certainly be family pool.

Q Can I reinforce the request that we have a press plane and the normal travel arrangements with hotel?

MS. MYERS: I think we're moving in that direction. We'll try to work it out.

Q Especially this time of the year.

Q I missed it because was so excited about Wyoming. What day are we going to Jackson?

MS. MYERS: The 18th through the 26th.

Q Lee Dew, on the Oval Office --

MS. MYERS: If this is in print, you guys, I'm dead.

Q On the Oval Office speech tomorrow night, has there been -- given what happened last time has there been discussions in advance with the networks about their willingness to air this.

MS. MYERS: We've certainly let them know about our desire to go

forward with it, but we haven't -- I don't think we've secured commitments. We haven't said for sure whether we're going to go ahead with it. But they are aware that this is something that is likely.

Q What are your plans today if the conferees wrap up?

MS. MYERS: I think we'll do some kind of a statement.

Q By him in person?

MS. MYERS: Yes.

Q In the Rose Garden?

MS. MYERS: Probably. We've haven't made a -- we'll see what time -- it will depend a lot on the timing of it. But I would expect if that happens in reasonable time.

Q You said last week you were dealing with Lisa Foster through the family lawyer. Is that still the case? And do other officials here at the White House deal with the family indirectly through a lawyer? What's the reason for that?

MS. MYERS: Yes, they have a lawyer who is serving as a point of contact for a number of things.

Q Jim Hamilton?

MS. MYERS: Yes, Jim Hamilton. And I have no reason to go beyond that.

Q Is that at all related to what is a rather slow decision on suicide that seemed open and shut at the beginning?

MS. MYERS: The family's wishes.

Q The family's wishes. But is any of that related to why this decision from the Park Police hasn't been forthcoming?

MS. MYERS: I don't believe so.

Q It's been almost two weeks, and as you know, right from the start the question was why it was so clear-cut rather than the other way around.

MS. MYERS: I think the Park Police is proceeding. As you know, they've spoken with Mrs. Foster now. They've spoken with a number of other folks and I think they feel that they've gotten adequate -- good cooperation from the White House and other folks to wrap this up.

Q One more question. The letter which you say you're familiar with -- was there any aspect -- you've stressed the work- related aspects -- are there any aspects of that letter that are not work-related?

MS. MYERS: No, it focuses on work.

Q To the exclusion of -- no personal problems that are outside the office?

MS. MYERS: No, it sort of shows his state of mind as per work.

Q Is there going to be a background briefing on the budget?

MS. MYERS: If it gets done?

Q Yes.

MS. MYERS: Our expectation is it will depend as to when. I mean, if it gets done at 9:00 p.m. I don't think we'll do it tonight. If it gets done at 3:00 p.m. I think you can expect that we'll try to do something.

Q What happens, Dee Dee, if they don't reach a conference agreement today and they delay it until tomorrow? Would that be good or bad for the White House.

MS. MYERS: We'll see what happens if they --

Q What's the cut-off, Dee Dee? If they make by, what -- 7:00 p.m, we still get a statement; 8:00 p.m. we still get a statement?

MS. MYERS: I don't think we have a cut-off. The last time -- the only thing I can do is point back to the previous one. When the House

vote passed we did it about 9:00 p.m

Q So it could be that late?

MS. MYERS: It could be. We'll just see what we expect.

THE PRESS: Thank you.

END

1:49 P.M. EDT

LANGUAGE: ENGLISH

LOAD-DATE: August 3, 1993

MOVEMENTS TO/FROM LIVING QUARTERS

F-1 POST

TUESDAY

DATE 7-20-93

PAGE 1 of 1

	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	LOCATION
THE PRESIDENT		07 40	08 45	09 12	1402	1412	1912	2210	2257	2240	00 08				2nd Floor
THE FIRST LADY	1				1	1									SANTA BARBARA
CHELSEA															SANTA BARBARA
Helen Ulcley	09 55	1002	1932	2335 2355											3RD Floor
Capricia Marshall															
Carolyn Huber	09 10	10 39	11 00	1425	1445	1520	1753	1810							Santa Barbara
STAFET	09.														3rd Floor
REINSCH	10	1810													3rd Floor
UP GORE	1402	1405													2ND FLOOR
Ann McCoy	1753	1810													3rd Floor
MAIL	2210	2240	00 08	01 30											
Secret Ser.	1825	2240	0												
GERSEN			00 08	01 30											
JORDAN			00 08	01 30											
Marcia Scott	00 50														
Kimberly Century	00 50														

*OVERNITE RESIDENCE GUEST

NOTIFY USHERS OF ALL FAMILY MOVEMENTS

S 020913

THE WHITE HOUSE
WASHINGTON

September 30, 1995

BY TELECOPY

Robert Giuffra, Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Bob:

I am writing in response to your letter of September 15, 1995. The White House has been able to locate no record of a telephone call from Ms. Helen Dickey to the Governor's Mansion in Little Rock on July 20, 1993.

We have determined that no such call was made from the private telephone lines in the Executive Residence. However, Ms. Dickey may have placed the call through the White House switchboard or the Signal switchboard. We have undertaken to verify that neither the White House nor the providers of telephone service to the White House have retained records of domestic long distance calls placed through either switchboard in July 1993.

We will inform you when we have exhausted our inquiries regarding the availability of telephone records.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

cc: Lance Cole, Special Deputy Counsel

THE WHITE HOUSE

WASHINGTON

October 13, 1995

BY HAND DELIVERY

Robert Giuffra, Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Bob:

In your letter dated August 2, 1995, you expanded the Special Committee's request for electronic mail messages relating to the handling of documents in Vincent Foster's office. We have performed a ~~further retrieval of electronic mail consistent~~ with your expanded request and enclose documents bearing Bates Z 001244-1246.

Please feel free to call me if you have any questions.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

Enclosures
cc: Lance Cole, Special Deputy Counsel

THE WHITE HOUSE
WASHINGTON

February 27, 1996

BY HAND DELIVERY

Viet D. Dinh, Associate Special Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Viet:

I am writing to memorialize our response to the Committee's February 3, 1996, request for blueprints of the third floor of the White House Residence.

As Jane Sherburne reported in her letter to Mr. Giuffra dated February 7, 1996, the Committee's request for blueprints raised potential security concerns that made it necessary for us to confer with the Treasury Department and Secret Service before providing such information to the Committee. On February 12, 1996, I called to inform you that Secret Service had concerns about the release of blueprints to the Committee. I also told you that, despite their understanding that the blueprint was already in the public domain, Secret Service nonetheless had concerns about the Committee's display at televised public hearings of an older blueprint of the third floor that the Committee obtained through the Congressional Research Service.

At that time, I told you that I had obtained from the Usher's Office a less detailed diagram of the third floor that the Secret Service preferred the Committee to use for display. You asked me to fax the diagram to you so that you could review with Mr. Chertoff whether the diagram was an acceptable alternative to the blueprint the Committee was already using. I faxed the diagram to you immediately. The next day, the Committee again displayed at its hearing the objectionable blueprint of the third floor it had previously obtained. I interpreted this as a rejection of our request that the Committee display instead the diagram from the Usher's Office that I had provided to you.

I am enclosing another copy of the diagram I faxed to you on February 12. We consider our response to the Committee's request for blueprints of the Third Floor to be complete.

Please feel free to call me if you have any questions.

Sincerely yours,

Miriam Nemetz HH

Miriam R. Nemetz
Associate Counsel to the President

Enclosure

cc: Lance Cole
Minority Deputy Special Counsel

Z000140

- President's schedule
- Note about the "NW" article and the Columbia article
- Memo on change in summer clerk assign.
- Dee's Press Briefing
- Congress Daily
- Pres Trip Book
- WH Bulletin
- News Sum

- many credit card receipts

95301PLEASE PAGE DAVID WATSKINS WITH YOUR LOCATION 10:34p0720SG22350720
95301NUMBER SG22350720
95301 Delayed by PAGER SG22350720

REDACTED



MR. WATKINS OFFICE

07/20/93	02:21	O'NEILL	UD
	02:21	CC	UD
	02:30	O'NEILL	UD
	02:30	CC	UD
	04:47		
	04:48	CC	UD
	04:48		
	07:16	THOMASON	STAFF
	07:16	CC	UD
	19:05	THOMISON	STAFF
	19:05	THOMISON	STAFF
	19:10	MIG GROUP	USSS
	19:44	TOMLINSON	STAFF
	19:44	MIG GROUP	USSS
	22:48	THOMASON	STAFF
	22:48	CC	UD
07/21/93	00:11	THOMPSON	STAFF
	00:12	THOMPSON	STAFF
	00:12	CC	UD
	03:15	O'NEILL	UD
	04:54	CC	UD
	07:22	UIE	STAFF
	07:22	CC	UD
	20:55	NORTHCUTT	STAFF
	20:55	NORTHCUTT	STAFF
	20:55	CC	UD

7/20/93	08:03	561	WW 2ND FL RM.208	CASTLE	SECURE ALARM
	08:03	561	WW 2ND FL RM.208	CONTROL CENTER 1	ACCESS SET
	20:04	561	WW 2ND FL RM.208	CASTLETON	ACCESS ALARM
	20:04	561	WW 2ND FL RM.208	CASTLETON	SECURE ALARM
	21:14	561	WW 2ND FL RM.208	CONTROL CENTER 1	SECURE RESET
	22:42	561	WW 2ND FL RM.208	O'NEILL	SECURE ALARM
	22:42	561	WW 2ND FL RM.208	CONTROL CENTER 1	ACCESS SET
	23:41	561	WW 2ND FL RM.208	O'NEILL	ACCESS ALARM
	23:41	561	WW 2ND FL RM.208	O'NEILL	SECURE ALARM
	23:42	561	WW 2ND FL RM.208	CONTROL CENTER 1	SECURE RESET
/21/93	07:01	561	WW 2ND FL RM.208	PONN	SECURE ALARM
	07:01	561	WW 2ND FL RM.208	CONTROL CENTER 1	ACCESS SET
	11:20	561	WW 2ND FL RM.208	CONTROL CENTER TEST	SECURE ALARM
	11:20	561	WW 2ND FL RM.208	CONTROL CENTER	ACCESS RESET
	11:20	561	WW 2ND FL RM.208	CONTROL CENTER TEST	ACCESS ALARM
	20:17	561	WW 2ND FL RM.208	CONTROL CENTER 1	TAMPER ALARM

/22-26/93 NO ALARM ACTIVITY



[redacted]

Brent Ruch

1) Secure office

2) [redacted] staff for [redacted] –
no speculation –
"pair"

3) Not to call him
1) Run [redacted] –
keep [redacted]

Webb → 363-0743

514-5000

Lisc & Kich – to Sheila →

Main Hinds
619-7350

[redacted]

Ashpool
Tom 7-22-93

2-3hm

[redacted]
2 000450

*PAGE 2 WMFO 175B-WF-187743 UNCLAS

LEAD INVESTIGATOR AT THE WHITE HOUSE AT THAT TIME.
SUBSEQUENTLY, AS A RESULT OF WHITE HOUSE CONTACT WITH THE U.S.
DEPARTMENT OF JUSTICE (DOJ), DEPARTMENTAL ATTORNEYS DAVID
MARGOLIS AND ROGER ADAMS RESPONDED TO THE WHITE HOUSE AND MET
WITH USPP AND WMFO REPRESENTATIVES. BOTH MARGOLIS AND ADAMS
ADVISED THAT THE FBI WAS BEING REQUESTED TO CONTINUE THEIR
CURRENT COOPERATIVE EFFORTS WITH THE USPP IN THIS MATTER.
THIS WAS FURTHER CONFIRMED WITH THE U.S. ATTORNEY'S OFFICE,
EASTERN DISTRICT OF VIRGINIA. AN INITIAL MEETING WAS HELD
WITH WHITE HOUSE COUNSEL BERNARD NUSSBAUM AT WHICH TIME IT WAS
AGREED THAT THE VICTIM'S OFFICE, WHICH IS LOCATED ADJACENT TO
MR. NUSSBAUM'S, WOULD CONTINUE TO BE SEALED BY THE U.S. SECRET
SERVICE (USSS) UNTIL 10:00 A.M. ON 7/22/93, AT WHICH TIME
MARGOLIS AND ADAMS WOULD CONDUCT A PRELIMINARY EXAMINATION OF
DOCUMENTS LOCATED WITHIN THE OFFICE. THE PURPOSE OF THIS
EXAMINATION IS TO IDENTIFY AND SEGREGATE ANY PRIVILEGED
DOCUMENTS BETWEEN THE PRESIDENT AND THE WHITE HOUSE COUNSEL'S
OFFICE. SUBSEQUENT, TO THIS EXAMINATION, THE USPP AND WMFO
INVESTIGATIVE TEAM WILL REVIEW ALL PERTINENT DOCUMENTS IN AN
EFFORT TO GATHER EVIDENCE IN THIS MATTER.

In the late afternoon of Wednesday, July 21, we met in the office of White House Counsel Bernard Nussbaum with Mr. Nussbaum, Steve Neuwirth and Cliff Sloan of his staff, and representatives of the FBI and Park Police to go over the ground rules for a search of Mr. Foster's office. All agreed that because of the hour the search would not begin until the next day. At that point the Secret Service had stationed an agent by the door to Mr. Foster's office and a Secret Service agent who was at the meeting announced that a special lock would be placed on the door and that he personally would hold the key to secure it overnight. However, Mr. Nussbaum stated that he had already conducted a quick search of the "top of the desk" the previous evening to see if he could find a note. Moreover, other persons in the Counsel's office had entered the office during early morning business hours. Specifically, Mr. Nussbaum had allowed a secretary to enter the office to "straighten up" the top of the desk, and cleaning personnel had entered to empty a waste basket. Mr. Nussbaum or someone else in the Counsel's Office noticed the basket being removed and had retrieved the contents. They were in a plastic bag in the office.

At the Wednesday meeting there was agreement that the Justice Department attorneys would look at each document or at least each file to determine if it contained privileged material, in which case it would not be examined by the Park Police or FBI. We would not read the documents or make notes, but merely examine them long enough to determine if they were covered by the attorney-client privilege or possibly executive privilege. As an example of the clarity of this agreement, Mr. Neuwirth at one point, apparently trying to summarize it, said that "Bernie would look at each document and determine privilege. If he determined no privilege, it could be shown to the law enforcement officers." He was immediately corrected and Mr. Nussbaum agreed that the Justice Department representatives would see the documents to determine privilege. The next morning, however, Mr. Nussbaum had changed his mind and said he would look at the documents and decide privilege issues himself. The Justice Department attorneys pointed out that that was inconsistent with the previous day's agreement and would cause problems. We stated that the Counsel's Office would be better off to allow the Department attorneys to decide or at least help decide, privilege issues, because that would allow the White House to say that the issue was considered independently. Moreover, we stated that we had been asked to undertake this particular assignment at the White House in part because we had reputations of not talking to the press or "leaking." Mr. Nussbaum did not immediately begin the search but waited for about two and one half hours -- during which time he said he was considering whether to allow us to see the documents -- before deciding that only he and Associate Counsels Neuwirth and Sloan would see the documents.

During the search, Messrs. Nussbaum, Neuwirth, and Sloan stayed behind Mr. Foster's desk and examined documents pulled from the desk, nearby credenzas, and a briefcase. No other persons actually saw the documents. At one point during the search, Mr.

United States Park Police

Death Investigation

10 | 7 | 2 | 0 | 9 | 3 | 9 | 3 | - | 3 | 0 | 5 | 0 |

ITEM

On Thursday, August 22, 1993, Detective Pete Markland and I responded to the White house to meet with Special Agents Scott Salter and Dennis Condon of the FBI to conduct interviews. The purpose of the interviews were to reconstruct the final hours of Vincent Foster's life.

Myself and Special Agent Condon interviewed Ms. Betsy L. Pond; Staff Assistant to Bernard Nussbaum, Chief Counsel for the White House. The interview took place in an office that was unoccupied for the day. Present in the room during the entire interview were Clifford Sloan; associate counsel to Nussbaum, and Paul Imbordino; assistant Special Agent in Charge, Office of Protective Operation, U.S. Secret Service. Clifford Sloan took notes throughout the interview. During the interview Bernard Nussbaum burst into the room and demanded "is everything all right?"

(7)(A)

We started the interview at approximately 0900 hours. Ms. Pond got in to work at around 0900 hours on Tuesday, July 20th. Usually there is a staff meeting of the counsel's office from 0900 to 0945 hours each morning that Vincent Foster would attend. She assumed he was at the staff meeting as she didn't see him when she arrived at work. She first recalled seeing him outside in the Rose Garden. The President was nominating Judge Freeh at the ceremony as the new director of the FBI.

She doesn't recall Vincent Foster having any visitors on Tuesday. The first conversation she had with him was about lunch around 1200-1230 hours. He said he would eat at his desk. He ordered a medium rare cheeseburger, french fries and coke. She and Linda Tripp went to the cafeteria and ordered his lunch. She recalled there were M & M's on the tray with the food because Linda wanted them. He sat on his sofa and ate lunch in his office.

At around 1300 hours he came out of the office and stated "I'll be back, there are M & M's left in my office". Ms. Pond recalled that she and Linda were in the office when he left. She wasn't sure if Tom was in the office or not. Tom Castleton is a young college graduate working in the office. There was nothing unusual about his emotional state. In fact, over the last several weeks she did not notice any changes, either physically or emotionally. She noticed no weight lost. She was unaware of him taking any medication or seeing any doctors. I asked here would she be surprised if I found out he was seeing a psychiatrist. She said yes. She was not aware of any depression problems. She had no information whether he owned any weapons.

30

NATIONAL PARK SERVICE

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

AREA	DATE OF INCIDENT	CASE INCIDENT NUMBER
United States Park Police -	07:20:93	-.30:50:62

NATURE OF INCIDENT: Death Investigation

ITEM | RESULTS OF INVESTIGATION

Ms. Pond said she left work at approximately 1845-1850 hours on Tuesday; but, before she left at around 1820 or so, Maggie Williams (Mrs. Clinton's Chief of Staff) called for Vincent. She paged Vincent and left the White House number for him to call. She recalled no other phone messages for Vincent.

She learned about Vincent's death from messages on her home answering machine around 0500-0600 hours on Wednesday, July 21. She came into work at 0700 hours and was the first person in. The door to Vincent's office was closed when she arrived at work. She believed that Tom Castleton or Bernard Nussbaum were the last persons out of the complex on Tuesday and one of them would have closed the door to Vincent's office. She went into his office and "squashed" the papers together that were on his desk. She realized that she shouldn't have touched the papers as soon as she did it but probably did it out of habit.

When I questioned her if she had been told how to respond to our questions, she stated that Clifford Sloan (who was present during our interview) and Steve Neuwirth, both associate counselors, had called them all together on Wednesday evening and told them they would be questioned by the police and for them to tell the truth.

SC SC SC SC SC SC SC SC

ARREST(S)	LATENTS / PHOTOS	CRIME TECH NOTIFIED	INVESTIGATOR NOTIFIED	PAGE 2 OF 2 PAGES
YES / NO				

STATUS: OPEN | SUSPENDED | CLOSED BY: ARREST | EXCEPTION | UNFOUNDED

REPORTING OFFICER: BADGE/ID: DATE: | REVIEWED BY: BADGE/ID: DATE: | SUPERVISOR: BADGE/ID: DATE: 5/1

NATIONAL PARK SERVICE

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

United States Park Police	MO	DAY	YR	STATION	CASE NUMBER
	0 7	2 0	9 3	9 3 -	3 0 5 0 1 2
NATURE OF INCIDENT: Death Investigation					

RESULTS OF INVESTIGATION

Interview: Deborah Gorham

Deborah Gorham is the Executive Assistant that was assigned to Vincent W. Foster. Her desk is located in the common area between the two offices in the West Wing of the White House occupied by Mr. Bernard Nussbaum and Mr. Foster, respectively. Other persons occupying this common office space are Betsy Pond (Executive Assistant to Mr. Nussbaum), Linda Tripp (Executive Assistant), Tom Castleton (Staff Assistant), and Marlene McDonald (Volunteer).

The interview took place in a West Wing office at approximately 0900 hours and was attended by Det. Markland (USPP), S/A Salter (FBI), and Assistant White House Counsel Steven Neuwirth.

Ms. Gorham stated that she did not know Mr. Foster before she was hired on March 8, 1993 and had no social relationship with either Mr. Foster or any member of his family. On 7/20/93 she left the office at approximately 1130 hours, which is the last time she saw Mr. Foster alive. She stated that she did not note any unusual behavior by Mr. Foster on that day.

Ms. Gorham recalled a conversation with Mr. Foster on Thursday, 7/15/93 when he discussed the differences in working for a law firm and working for the government. She placed no significance on the conversation at the time and, in retrospect, it still seemed to be a normal comparison.

Ms. Gorham was asked if Mr. Foster would have any reason to deal with physicians directly on a professional basis due to his involvement with the Health Care Reform proposals under consideration. Ms. Gorham stated that there was no reason whatsoever for Mr. Foster to deal with physicians professionally.

The interview was about to be terminated when Mr. Neuwirth asked us to remain and took Ms. Gorham out of the room to speak to her. A very short time later they returned and Ms. Gorham stated that there was one thing she thought may be important that she recalled. On Thursday, 7/15/93, Mrs. Foster had called her and asked for Mr. Foster's pay schedule, explaining that she believed their checking account was overdrawn. The Credit Union was contacted and they stated that they would work with Mrs. Foster on a weekly, instead of a biweekly, basis. After that conversation Ms. Gorham was authorized by Mr. Foster to pick up a statement every Friday for Mrs. Foster. Ms. Gorham did not see this as a real problem or place any significance on

NATIONAL PARK SERVICE
SUPPLEMENTAL CRIMINAL INCIDENT RECORD

United States Park Police

Death Investigation

This initial interview was concluded at approximately 0930 hours.

At approximately 1450 hours, immediately after the inventory of Mr. Foster's Office by White House Counsel (reference report under this case file number by Capt. Hume), Det. Markland and S/A Salter were asked to remain and were ushered into Mr. Kussbaum's office by Mr. Neuwirth. Ms. Gorham was brought in and she stated that she had just remembered some conversations that she thought were important to our investigation. Within the last two weeks Ms. Gorham had received calls from Mr. Foster's eldest son and Mrs. Foster inquiring about Vincent Foster's mood. They specifically asked how "he" was doing, not how the work was going, and seemed genuinely concerned. (7)(A)

Investigation continues.

PAGE 2 OF 2 PAGES

NATIONAL PARK SERVICE

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

1 AGENCY CASE

2 AGENCY

United States Park Police

3 DATE OF OCCURRENCE: MO 0 7 DAY 2 0 YR 9 3

4 YEAR 9 3

5 CASE NUMBER - 3 0 5 0 2

6 NATURE OF INCIDENT

Death Investigation

7 RE CLASSIFICATION OF INCIDENT

8 RESULTS OF INVESTIGATION

"Review of Documents from
Vincent Foster's Office"

On Thursday, July 22, 1993, in the afternoon the following persons met in the office of Vincent Foster to attempt to determine if he left a suicide note or if there were any other information that might have led him to take his own life. The very limited examination of the documents and notes were done by the Chief Counsel, Bernard Nussbaum. The following people were also present during this meeting: William Burton, Deputy Chief of Staff for the President, Clifford Sloan and Steven Neuwirth; Associate Legal Counselors, Michael L. Spafford; Attorney representing the Foster family, Captain Charles Hume and Detective Pete Markland; U.S. Park Police, Special Agents Scott Salter and Dennis Condon; Federal Bureau of Investigation, David Margolis, Deputy Assistant Attorney General Criminal Division; and Roger Adams; Department of Justice Attorney, Paul Imbordino and Donald Flynn; U.S. Secret Service.

(7)(A)

Originally, we had responded to the White House on Wednesday morning, July 21, to examine his office. As soon as we arrived and met with Inspector Dennis Martin of the U.S. Secret Service Uniform Division, we had requested a guard be posted at the door of the office to prevent anyone from removing anything from the office. As the day progressed we were not permitted to examine the room. We departed the White House sometime around 1830 - 1900 hours. The U.S. Secret Service log of persons entering the office after 1100 hours on Wednesday, July 21, showed Bernard Nussbaum entering the office at 1110 hours to remove a small photo and Cliff Sloan entering at 1834 hours same day to replace a bag of trash previously removed from Mr. Foster's trash can.

At 1315 hours, Thursday, July 22, all 13 of us entered the office of Vincent Foster. Bernard Nussbaum took a seat at Foster's desk. He was surrounded by his two associates, Sloan and Neuwirth, with Burton near his side and Spafford at the end of the desk.

APPARENT? ☐ YES ☐ NO

9 ☐ LATENTS ☐ PHOTOS

10 ID TECH NOTIFIED

11 INVESTIGATOR NOTIFIED

12 PAGE 1 OF 2 PAGES

STATUS: ☐ OPEN ☐ SUSPENDED CLOSED BY: ☐ ARREST ☐ EXCEPTION ☐ UNFOUNDED

REPORTING OFFICER BADGE/ID DATE

13 INVESTIGATOR BADGE/ID DATE

14 SUPERVISOR BADGE/ID DATE

36

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

nited States Park Police | 0 7 2 0 9 3 | 9 3 - 3 0 1 0 0 2

ath Investigation

7 RESULTS OF INVESTIGATION

The eight law enforcement officers were gathered on the opposite side of the desk and room in a position where we couldn't examine any documents. Eventually all law enforcement were seated, either on the sofa or in chairs provide by the U.S. Secret Service. During the process Bill Burton left the office on at least two occasions and returned. Bernard Nussbaum did the actual review of the documents in a very hurried and casual fashion. There was some conversation between Nussbaum and Margolis as what constituted privileged communication. Nussbaum carried his interpretation of what was considered privileged to the extreme; one example was when he picked up a xeroxed copy of a newspaper article and declared that it was privileged communication even though it had been in the newspapers. Nussbaum would move papers about declaring what might be of interest to the police and what was strictly White House business.

Also, he decided what was Foster's personal papers and put those in a separate pile for the family attorney. Occasionally, Detective Markland or Margolis would ask him to place a certain note or document in a pile for possible police examination. At one point, Nussbaum pulled some papers out of a leather valise/briefcase that was sitting on the floor behind the desk. He put them on the desk and went through them. He then looked in the valise/briefcase again, but did not take anything out of it. A little later he moved the valise/briefcase away from the desk and placed it on the floor adjacent to the exterior wall directly behind him and the desk. At no time during the approximate one hour and 35 minutes we were in Foster's office where we allowed to examine any documents. At one point Special Agent Scott Salter got up to stretch and Clifford Sloan challenged him and asked him if he was standing up in an attempt to get a look at the documents.

The documents that Nussbaum had separated out were left in the office with the exception of the pile containing what Mr. Nussbaum determined to be personal papers of Foster. It was agreed between Margolis and Nussbaum that the family lawyer could take those papers and after getting approval from Mrs. Foster the police could examine them. The telephone logs were not turned over to us. We cleared the office at approximately 1450 hours. Margolis cautioned Nussbaum and his staff not to remove anything from the office. Nussbaum stated he could not leave the office secured any longer. The lock remained on the door that had been installed by the U.S. Secret Service on Wednesday, and Nussbaum was given the key after we cleared the office on Thursday at 1449 hours.

ARRANGED | 9 YES NO | 10 CLAIMANTS PHOTOS | 10 TECH NOTIFIED | 11 INVESTIGATOR NOTIFIED | 12 PAGE 2 OF 2 PAGES

STATUS OPEN SUSPENDED CLOSED BY: ARREST EXCEPTION UNFOUNDED

TELEPHONE OFFICER BADGE/ID DATE | 15 INVESTIGATOR BADGE/ID DATE | 16 SUPERVISOR BADGE/ID DATE

SUPPLEMENTAL CRIMINAL INCIDENT RECORD

nited States Park Police	DATE OCCURRED	MO 0 7	DAY 2 0	YR 9 3	YEAR 9 3	CASE/INCIDENT NUMBER 1 3 0 5 0 1 2

TYPE OF INCIDENT: eath Investigation

8 RESULTS OF INVESTIGATION

The eight law enforcement officers were gathered on the opposite side of the desk and room in a position where we couldn't examine any documents. Eventually all law enforcement were seated, either on the sofa or in chairs provide by the U.S. Secret Service. During the process Bill Burton left the office on at least two occasions and returned. Bernard Nussbaum did the actual review of the documents in a very hurried and casual fashion. There was some conversation between Nussbaum and Margolis as what constituted privileged communication. Nussbaum carried his interpretation of what was considered privileged to the extreme; one example was when he picked up a xeroxed copy of a newspaper article and declared that it was privileged communication even though it had been in the newspapers. Nussbaum would move papers about declaring what might be of interest to the police and what was strictly White House business.

Also, he decided what was Foster's personal papers and put those in a separate pile for the family attorney. Occasionally, Detective Markland or Margolis would ask him to place a certain note or document in a pile for possible police examination. At one point, Nussbaum pulled some papers out of a leather valise/briefcase that was sitting on the floor behind the desk. He put them on the desk and went through them. He then looked in the valise/briefcase again, but did not take anything out of it. A little later he moved the valise/briefcase away from the desk and placed it on the floor adjacent to the exterior wall directly behind him and the desk. At no time during the approximate one hour and 35 minutes we were in Foster's office where we allowed to examine any documents. At one point Special Agent Scott Salter got up to stretch and Clifford Sloan challenged him and asked him if he was standing up in an attempt to get a look at the documents.

The documents that Nussbaum had separated out were left in the office with the exception of the pile containing what Mr. Nussbaum determined to be personal papers of Foster. It was agreed between Margolis and Nussbaum that the family lawyer could take those papers and after getting approval from Mrs. Foster the police could examine them. The telephone logs were not turned over to us. We cleared the office at approximately 1450 hours. Margolis cautioned Nussbaum and his staff not to remove anything from the office. Nussbaum stated he could not leave the office secured any longer. The lock remained on the door that had been installed by the U.S. Secret Service on Wednesday, and Nussbaum was given the key after we cleared the office on Thursday at 1449 hours.

RRANTED YES NO	9 ☐ LATENTS ☐ PHOTOS	10 ID TECH NOTIFIED	11 INVESTIGATOR NOTIFIED	12 PAGE 2 OF 2 PAGES

STATUS ☐ OPEN ☐ SUSPENDED CLOSED BY: ☐ ARREST ☐ EXCEPTION ☐ UNFOUNDED

REPORTING OFFICER	BADGE/ID	DATE	15 INVESTIGATOR	BADGE/ID	DATE	16 SUPERVISOR	BADGE/ID	DATE
					6/6/93			

Sloan stated to an FBI agent who was standing: "You're not standing to get a look at the documents are you?" The agent indicated he was not, but sat down. In the particular setting, the remark was (to put it charitably) extremely offensive.

During the search, documents were removed from a briefcase. As with documents taken from the desk and credenzas, Mr. Nussbaum glanced at them quickly and made comments such as "these are privileged, they're things we're working on in the office," or "this has to do with something he was working on for the President," or "this is personal." We were not able to see the briefcase to see exactly what was in it. By the same token, we could not see the drawers to see if all material had been accounted for-in them.

We asked to have the computer in Mr. Foster's office turned on. Mr. Nussbaum said he did not know how to do so and, in any event, he would not do so in our presence in case there were privileged documents on the computer. He said he would have a staff member examine the contents of the computer after we left. (Press reports in morning newspapers of that day had stated, without attribution, that no suicide note had been found on his computer.)

The Washington Post subsequently reported on Friday, July 23, that the search by Mr. Nussbaum had been "under the supervision" of Justice Department lawyers. It is extremely likely that the White House provided this characterization of the search.

I am not sure of the exact days involved, but there was a delay of almost 24 hours between the time a note was found torn up in the bottom of the brief case and notification of the Department.

On approximately July 28, 1993, we were informed by Thomas Collier, Chief of Staff to Secretary of the Interior Bruce Babbitt, that he had called the office of David Gergen at the White House to express concern over White House lack of cooperation with the Park Police investigation. He ultimately spoke to two persons, a Mr. Burton, and Roy [Neal] or [Neill], both of whom took a very aggressive tone and stated that any foul-up in the investigation was the fault of the Park Police, not the White House.

RECORD TYPE: NONE

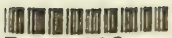
CREATOR: Linda R. Tripp (TRIPP_L) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:33

SUBJECT: ts, too

TO: Deborah L. Gorham (GORHAM_D) (WHO)
READ:READ

TEXT:
it seems that whatever was uncovered was uncovered by , who summoned our boss, who then summoned BS, who then summoned H -- and whatever it was provoked a need for notetaking -- and had to do I presume with the burn bag -- I can't imagine that anyone as meticulous as this individual was, would have left anything he did not intend to be found.



RECORD TYPE: NONE

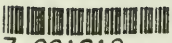
CREATOR: Deborah L. Gorham (GORHAM_D) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:39

SUBJECT: TS

TO: Linda R. Tripp (TRIPP_L) (WHO)
READ:READ

TEXT:
What provoked COS to call BWN was the briefcase. Once BWN a



rrival. I forgot who went into VWF's office to get the Burn Bag. But they must feel like a slapstick comedy by not returning the burn bag along with the briefcase.



private lawyers and accountants and certain government officials, like the Office of Government Ethics, with respect primarily to our blind trust; because there were all these questions that had to be answered, and he was kind of the coordinator. The private lawyers would talk to him, and the Office of Government Ethics people would talk to him. I think that's why he had any documents of a personal nature in his office at the time of his death.

Q And to follow, why did your Chief of Staff, Maggie Williams, why was she among those who removed these documents from his office --

MRS. CLINTON: I don't think that she did remove any documents. I think that what happened is that after Mr. Nussbaum reviewed the documents, and after he did so, as I recall -- I was not here, I was in Arkansas, but I believe that that was done in the presence of officials from the Park Police and maybe some other agencies. Then Mr. Nussbaum distributed the files according to whom he thought should have them. There were files related to ongoing work in the counsel's office that needed to be passed on to other lawyers. There were personal files of Vince's that needed to go to his family. And there were these personal files of ours that went t our lawyer.

Q I'm wondering -- another question about this rezoning of your private and public lives -- I'm wondering what kind of a toll, if any, this has taken on your and the President's personal and political lives. And do you ever look in the mirror an wish that you just never got into this?

MRS. CLINTON: No, never, never. Some days are better than other days. I think what has helped me in the last couple of weeks, aside from some good friends who have talked to me and helpe me get rezoned, if you will, is my belief that this is really a result of our inexperience in Washington, if you will; that I reall did not fully understand everything that I wish now I had known. A it's a learning experience -- sometimes a difficult one, but I thin one that both the President are anxious to do because we think that the reason he was elected was to deal with the big issues that we want the country to deal with.

And so it is a little disappointing if we in any way contribute to a diversion from that. And that's something that I don't want to have happen in the future, and I'm certainly going to try to be more sensitive to what you all need and what we need to give you, and do it in a more efficient and effective way the first time. Because, as I said earlier, I feel very confident about how this will all turn out. This is not a long-term problem or issue i any way, but I don't want anybody to have the wrong impressions of either of us. And I don't want anything to interfere with doing wh the people of this country need done.

Q -- spoken -- the politics of personal destructio Who do you believe are the main perpetrators of that?

MRS. CLINTON: I don't want to get into that. I don' think that that bears any real useful discussion. I think that what's important is for us, not just [illegible], but the entire administration, to keep focused on what really will stand t test of history, and what we really are trying to do for the count And I can't really help it if some people get up every day wanting destroy instead of build, or wanting to undermine. That's someth that I try not to think about or dwell on and try to do what I'm expected to do, which for me is working on health care.

Q (Inaudible.)

at the White House, and the Treasury Department, as the President instructed, and we expect that the congressional hearings will find the same thing, that no legal or ethical standards were violated.

Q Does the President intend to make any changes in his team?

MS. MYERS: At this point, the President has full confidence in his team, in Secretary Bentsen, in Deputy Secretary Roger Altman and the rest of the team over at Treasury.

Q What do you mean by "at this point"?

MS. MYERS: I should not qualify it. The President has full confidence.

Q Dee Dee, is the First Lady now prepared to revise the statement she made in her news conference on April 22nd that Maggie Williams did not remove any documents from Vince Foster's office, but that, in fact, the documents were simply transferred to lawyers, as Bernard Nussbaum had suggested was appropriate? Apparently Mrs. Williams has made it plain that, in fact, the documents were in the residence safe for five days and were taken there at Mrs. Clinton's direction by Ms. Williams. Is the First Lady now going to revise what she said?

MS. MYERS: I think that it is true that Maggie didn't remove any documents from Vince's office; they were removed by Bernie Nussbaum.

Let me just make a couple of points. First of all, I think that is one area that is still under investigation by Mr. Fiske, and so I think it would be inappropriate for me to say too much about it. You're free to call Lloyd Cutler if you want to discuss more details about this. But I do think that a portion of that leaked out -- I don't know where it came from -- and so Maggie Williams and others at the White House have confirmed that, in fact, files were transferred from --

Q It's in a memo --

MS. MYERS: No, I'm just pointing out -- the source of this story originally was something that leaked out from the ongoing investigation. It has, I'm pointing out, in fact, been confirmed by people at the White House that the files went from Mr. Nussbaum to Maggie for safekeeping over the weekend while Bob Barnett and others went to Little Rock for the funeral of Mr. Foster.

The President and the First Lady did not look at those files. A messenger from Mr. Barnett's office, who was then acting as the President and First Lady's personal attorney, picked the files up on Monday and took them to Williams & Connally.

Q Was the President aware that that was done?

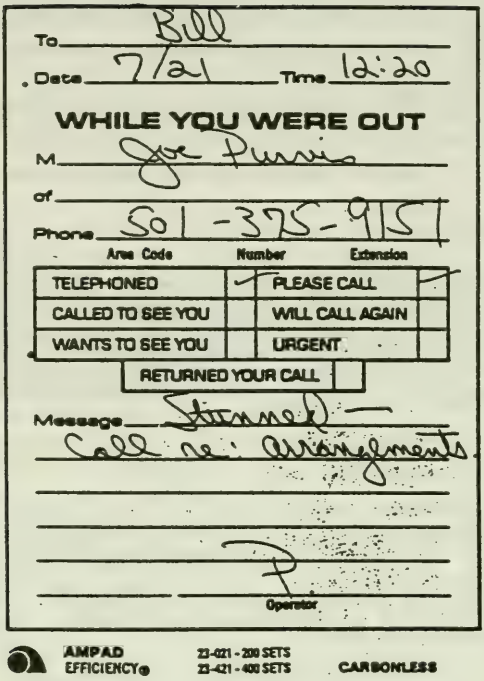
MS. MYERS: I don't believe so.

Q It was in the residence safe?

MS. MYERS: There is an office on the third floor, and, I think, a closet with a lock where they keep some of their personal documents.

Q Who had access to them in the meantime and while they were there, do you know?

MS. MYERS: I don't know.



To Bill

Date 7/21 Time 12:20

WHILE YOU WERE OUT

M Joe Purvis

of

Phone 501-375-9151
Area Code Number Extension

TELEPHONED		PLEASE CALL	
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message Stunned! —
Call re: arrangements.

Operator

AMPAD EFFICIENCY® 23-021 - 200 SETS 23-421 - 400 SETS CARBONLESS

Z 000851



To MAGGIE

Date 7/22/93 Time 3:25

WHILE YOU WERE OUT

M STEVE NEUWIRTH

of

Phone 2632

Area Code Number Extension

TELEPHONED		PLEASE CALL	X
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message

Operator

AMPAD EFFICIENCY® 23-023 CARBONLESS

To MELANNE

Date 7/22/93 Time 3:22

WHILE YOU WERE OUT

M Sydney Bloomenthal

of

Phone 296-5840

Area Code Number Extension

TELEPHONED		PLEASE CALL	X
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message

Operator

MOVEMENTS TO/FROM LIVING QUARTERS

F-1 POST

DATE: Thursday, 22 July 93

Page 1 of ____

	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	UP	DOWN	LOCATION
THE PRESIDENT		09 08	20 32	20 55	23 15										2nd Floor
THE FIRST LADY															Santa Barbara
Chelsea															Santa Barbara
Helen Dickey		0943	1750	1807	2240										3rd Floor
Capricia Marshall															Santa Barbara
Carolyn Huber	08 22	09 16	13 20	13 25	19 25	1932									2ND FLOOR
MR PETE Card		09 16													Lincoln
MRS DIANE Card		09 16													Lincoln
MR John SLOAN		09 16													Room 303
MRS Helen SLOAN		09 16													Room 303
Jenny Atchley		09 02													Room 327
Stephanie Atchley		09 16													Room 327
JANET RENOLH	08 45	13 25		1810											3rd Floor
ROBYN DICKEY	08 55	09 05													3rd Floor
Maggie Williams	19 25	1932													
Castleman	19 25	1932													

Overnight Residence Guests:

UNITED STATES SECRET SERVICE

S 020915

510

"give them to family lawyer and get them out of BN's hands"

9:00 PH → BN — "you summoned me" — BN → PH we're not hiding anything

Friday 23 DOJ out of it — info from Park Police

Tues 27 BN: wanted me there

Tues 29 AGAC — 5:15 go to WH — rode over with AG

Bernie reads note

AG said turn it over

called Park Police (DMan)

BN → PH story

BN assembled note and read it aloud

rode back with Police

Wed 28 we call FBI — want an agressive inquiry.

Thurs 29 Collier calls 8:25 — visits shortly thereafter

WH trashing Police report

f 000 63 001

GSP Ft. Marcy

Death Investigation

On 7-27-93 at approx. 2115 hours I met with Mr. Bernard Nussbaum in the Chief of Staff's Office in the West Wing of the White House. Also present were a representative from Department of Justice, Mr. Phillip Heymann, as well as Asst. Chief of Staff Bill Burton, also Mr. Gergen and Mr. McLarty.

Mr. Nussbaum had before him on the table small pieces of yellow lined note paper which he was assembling into a whole page. The assembled pieces revealed a note, identified to be in the handwriting of the deceased Vincent Foster. Mr. Nussbaum read the contents of the notes to the undersigned of which I took notes. He then placed the pieces back into a white legal White House envelope and handed them over to me. The notes appeared to be on 3 hole yellow lined paper of approx. 2/3 page length.

According to Mr. Nussbaum, on Monday 7-26-93 he directed one of his assistants, Mr. Steven Neuwirth enter Mr. Foster's Office and take a detailed inventory of the files and material in there. In a brief case, known to be in the office and thought to be empty, he found the torn pieces of a hand written page. The scraps were dumped out and then taken to Mr. Nussbaum's Office where they were assembled and Mr. Nussbaum was notified. Mr. Nussbaum then went through notification procedure, to Bill Burton, to the Chief of Staff, and finally to the President today 7-27-93 at about 1700 hours when he returned to Washington, D.C. and at about 1800 hours today's date to the family of Mr. Foster when they returned to the city.

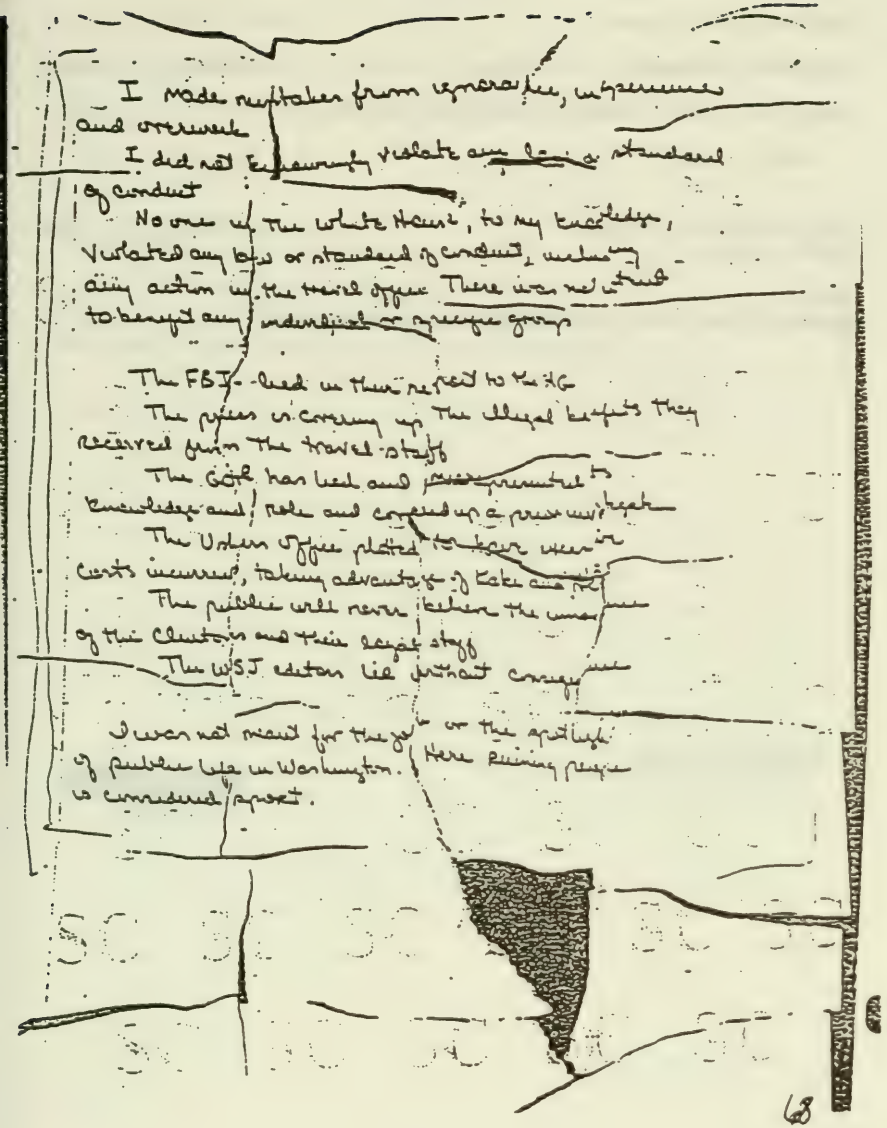
Also present outside the meeting, but who did speak to me about the notes was Mr. Jim Hamilton, the attorney for the Foster Family. They are very concerned about the confidential nature of the note and other news leaks attributed to the U.S. Park Police.

According to Mr. Bill Burton 202-456-6798 Mr. Steven Neuwirth will be available for an interview on 7-28-93. Also handwriting samples will be available.

Cleared at 2200.

SC SC SC SC SC SC

8/2/93



I made mistakes from ignorance, inexperience and overwork.

I did not knowingly violate any law or standard of conduct.

No one in the White House, to my knowledge, violated any law or standard of conduct, including any action in the travel office. There was no attempt to benefit any individual or special group.

The FBI - lied in their report to the AG.

The press is covering up the illegal leaks they received from the travel staff.

The GOP has lied and [illegible] to knowledge and rake and covered up a press witch hunt.

The Union Office plotted to have users in costs incurred, taking advantage of Kate and Ed.

The public will never believe the innocence of the Clintons and their legal staff.

The WSJ editor lied without conscience.

I was not raised for the glare of the spotlight of public life in Washington. Here living people is considered upset.

LB

RECORD TYPE: NONE

CREATOR: Deborah L. Gorham (GORHAM_D) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:29

SUBJECT: TS

TO: Linda R. Tripp (TRIPP_L) (WHO)
READ:READ

TEXT:
Everything from his briefcase is missing.

RECORD TYPE: NONE

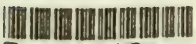
CREATOR: Deborah L. Gorham (GORHAM_D) (WHO)

CREATION DATE/TIME:27-JUL-1993 10:33

SUBJECT: Top S

TO: Linda R. Tripp (TRIPP_L) (WHO)
READ:READ

TEXT:
I do not know what else was in there but the bag is totally cleaned out except for one collar stay.



FD-302 (Rev 3-10-62)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

STEPHEN R. NEUWIRTH, Assistant Counsel, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. NEUWIRTH provided the following information:

NEUWIRTH advised that he was present on July 22, 1993, when the items in VINCENT FOSTER's office were inventoried by BERNARD NUSSBAUM. NEUWIRTH was aware that the items which were immediately identifiable as personal items were provided to the attorney representing the FOSTER family. After July 22, 1993, NEUWIRTH did not again go to VINCENT FOSTER's office until Monday, July 26, 1993.

NEUWIRTH advised that while he was in Arkansas attending VINCENT FOSTER's funeral he was asked by BERNARD NUSSBAUM to conduct a review of the items which were identified as work files in VINCENT FOSTER's office. On Monday, July 26, 1993, at approximately 10:00 a.m., NEUWIRTH began the review of the items in FOSTER's office. NEUWIRTH was also instructed to take any remaining personal items and place them in a box to be provided to the FOSTER family. As NEUWIRTH placed VINCENT FOSTER's briefcase in the box of personal items, he turned the briefcase on its side or upside down and observed several small pieces or scraps of yellow paper fall out of the briefcase. NEUWIRTH then reached inside the briefcase and pulled out more scraps of yellow paper. He speculated that the pieces of paper may have been stuck down in a corner of the briefcase and therefore not seen during the July 22, 1993 inventory of FOSTER's office. He recognized these to be in the handwriting of VINCENT FOSTER and he took the scraps of paper to the conference table located in BERNARD NUSSBAUM's office. He observed that the scraps of paper could be assembled and that they were pieces of a single sheet of yellow paper which had been torn into pieces. As he assembled the note, BERNARD NUSSBAUM returned to the office and was shown the note. The note was unsigned and contained no date. NEUWIRTH confirmed that the briefcase from which the scraps were recovered was the same briefcase which BERNARD

Investigation on 7/30/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] FBI P Date dictated 8/2/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

5

FBI-00000018

FD-302a (Rev 11-13-87)

UNFO 1758-WF-187743

Continuation of FD-302 of STEPHEN R. NEUWIRTH, On 7/30/93, Page 2

NUSSBAUM reviewed during the inventory of VINCENT FOSTER's office on July 22, 1993.

NEUWIRTH advised that after reading the note, NUSSBAUM left the office to see if he could find White House Chief of Staff MACK McLARTY. NUSSBAUM shortly thereafter returned with Assistant White House Chief of State BILL BURTON who advised that McLARTY was in Chicago with the President. NUSSBAUM, BURTON and NEUWIRTH decided to try to reach McLARTY in Chicago and they did in fact speak with him (NUSSBAUM, BURTON and NEUWIRTH participated in the conversation via speaker phone). During that conversation, McLARTY stated that it was important to notify VINCENT FOSTER's family and President CLINTON before anything was done with the note. There was also a discussion about whether this note was in fact a suicide note. During their conversation they also discussed the fact that the note should be turned over to the law enforcement personnel handling FOSTER's death investigation. BURTON questioned whether this unsigned, undated note constituted a suicide note. NEUWIRTH made the observation that even if this note did not meet the strict qualifications of being a suicide note, it was without question relevant to the investigation and was well within the guidelines of what the investigators sought. In addition, NEUWIRTH stated that concern that the U.S. PARK POLICE would leak the note's contents to the press was never an issue. NEUWIRTH advised the interviewing agents that at no time during the conversation was it stated that the note should not be turned over to the appropriate authorities.

NEUWIRTH advised that on the evening of Monday, July 26, 1993, the note was secured in the desk or safe within BERNARD NUSSBAUM's office. It was decided that the handling of the note would be discussed on Tuesday morning, July 27, 1993 in a meeting with McLARTY, DAVID GERGEN, BILL BURTON and NUSSBAUM. NEUWIRTH was requested by NUSSBAUM to conduct appropriate legal research to determine if there were any legal problems associated with turning the note over to law enforcement individuals.

NEUWIRTH advised that he was aware that LISA FOSTER, VINCENT FOSTER's widow, met with BERNARD NUSSBAUM in his (NUSSBAUM's) office sometime during the afternoon of Tuesday, July 27, 1993. NEUWIRTH stated that he was not present at that meeting.

FD-302a (Rev 11-13-87)

WMFO 175B-WF-187743

Continuation of FD-302 of STEPHEN R. NEUWIRTH, On 7/30/93, Page 3

NEUWIRTH advised that on the evening of July 27, 1993, a meeting was held between Deputy Attorney General PHILIP HEYMANN, Attorney General JANET RENO and White House officials regarding the note (NEUWIRTH was not present at that meeting). During that meeting, the UNITED STATES PARK POLICE arrived and took custody of the note.

NEUWIRTH advised that after locating the scraps of paper which constituted the note in the briefcase he observed that the only other items in the briefcase were a pen, a single rubberband and a single blank "post-it" note.

FBI-00000020

FD-302 (Rev 3-10-83)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

BERNARD NUSSBAUM, Counsel to the President, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. NUSSBAUM provided the following information:

NUSSBAUM advised that on Thursday, July 22, 1993, he conducted an inventory of the contents of VINCENT FOSTER's office in the presence of members of the Office of the White House Counsel, the UNITED STATES PARK POLICE, DEPARTMENT OF JUSTICE (DOJ), FEDERAL BUREAU OF INVESTIGATION (FBI) and the UNITED STATES SECRET SERVICE (USSS). During the inventory, NUSSBAUM removed the files and papers from VINCENT FOSTER's briefcase and reviewed those items. After the contents of the briefcase were removed he picked up the briefcase and placed it against the wall behind FOSTER's desk.

NUSSBAUM advised that on Friday, July 23, 1993, he departed Washington, D.C. in the morning and travelled to Hope, Arkansas, where the funeral for VINCENT FOSTER was held. While in Hope, Arkansas, NUSSBAUM spoke with STEPHEN NEUWIRTH, Assistant White House Counsel and he assigned NEUWIRTH to review the work files identified in the previous days inventory, Monday, July 26, 1993. NUSSBAUM instructed the staff at the Office of the White House Counsel to take the weekend off and return to work on Monday, July 26, 1993. NUSSBAUM returned to Washington, D.C. on the evening of July 23, 1993. On Saturday, July 24, 1993, NUSSBAUM travelled to Desert Island, Maine and returned to Washington, D.C. on the evening of Sunday, July 25, 1993.

NUSSBAUM advised that from the time the inventory of VINCENT FOSTER's office was completed on July 22, 1993 until Monday morning, July 26, 1993, the office remained locked with the only two keys in the possession of NUSSBAUM and VINCENT FOSTER's secretary, DEBRA GORHAM. On Monday, July 26, 1993, the review of work documents in VINCENT FOSTER's office was began by STEPHEN NEUWIRTH with periodic assistance from DEBRA GORHAM. At approximately 4:00 p.m., NUSSBAUM entered his (NUSSBAUM's) office

---

Investigation on 7/30/93 at Washington, D.C. File # WMFO 1758-WF-187743

by SA [redacted] P Date dictated 8/2/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

and found STEPHEN NEUWIRTH at the conference table assembling what appeared to be scraps of yellow paper. At that time, NEUWIRTH turned to NUSSBAUM and said "Look what I found". NEUWIRTH went on to explain to NUSSBAUM that as he was packing items of FOSTER's personal property in a box, he discovered the scraps of paper in the bottom of FOSTER's briefcase. NEUWIRTH had been in process of placing the briefcase in a box when he tipped the briefcase over onto its side and several of the scraps of paper fell out. NEUWIRTH then discovered the rest of the scraps of paper located at the bottom of the briefcase. Based on their experience with working with FOSTER, both NEUWIRTH and NUSSBAUM believed the note to be in VINCENT FOSTER's handwriting.

NUSSBAUM advised that after assembling the note and reading its contents he (NUSSBAUM) left his office to go find White House Chief of Staff MACK McLARTY. NUSSBAUM was told that McLARTY was in Chicago with the President and NUSSBAUM then arranged to speak with McLARTY via telephone. During their discussion, NUSSBAUM and McLARTY discussed whether the contents of the note held any legal privilege or executive privilege. It was determined that several tasks needed to be accomplished including a research of the legal issues involved in disclosing the contents of the note, notification of LISA FOSTER, VINCENT FOSTER's widow, and notification to President CLINTON. It was learned that LISA FOSTER was to travel from Arkansas to Washington, D.C. on July 27, 1993 and that President CLINTON would be available to be briefed on the matter at approximately 6:00 p.m. on Tuesday, July 27, 1993.

NUSSBAUM advised that by Tuesday, July 27, 1993, it had been decided that the note would be turned over after it was shown to LISA FOSTER and after the matter was presented to President CLINTON. LISA FOSTER arrived at the White House and was shown the contents of the note at approximately 5:00 p.m. on July 27, 1993 and President CLINTON was briefed at approximately 6:00 p.m. on July 27, 1993. President CLINTON directed that the note be turned over to the appropriate authorities.

NUSSBAUM advised that later on July 27, 1993, Attorney General JANET RENO and Deputy Attorney General PHILLIP HEYMANN arrived at the White House and were shown the note. RENO told NUSSBAUM that the note should be turned over to the UNITED STATES

PARK POLICE (USPP). The USPP received the note at approximately 9:00 p.m. on July 27, 1993.

NUSSBAUM advised that he was rather surprised that the note was located in the bottom of a briefcase which he had believed was empty. He was also puzzled as to why FOSTER would have placed the note there. NUSSBAUM advised that he had no reason to question the explanation regarding the note's discovery given by STEPHEN NEUWIRTH. NUSSBAUM also stated that the note was kept in a secure place in NUSSBAUM's office on the night of Monday, July 26, 1993.

NUSSBAUM stated that he is aware of no other notes or messages left by VINCENT FOSTER which would be relevant to the investigation of his death.

At the conclusion of the interview NUSSBAUM provided to the interviewing agents the briefcase from FOSTER'S office and one yellow pad of paper, also taken from FOSTER'S office.

IC

FD-302 (Rev. 3-10-95)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

CHARLES WILLIAM BURTON, also known as BILL BURTON, Deputy Assistant to the President and Policy and Staff Director for the Chief of Staff, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. BURTON provided the following information:

BURTON advised that he was present on Thursday, July 22, 1993, for the inventory of items in the Office of VINCENT FOSTER. BURTON recalled that FOSTER's briefcase was emptied by BERNARD NUSSBAUM and the contents, which consisted of files and papers, were reviewed by NUSSBAUM. BURTON stated that after NUSSBAUM removed the papers and files, he observed the briefcase to be empty with the exception of several paperclips and a single "post-it" paper located in the bottom of the briefcase.

BURTON advised that during the afternoon of Monday, July 26, 1993, he was working at his desk when BERNARD NUSSBAUM requested that BURTON come to NUSSBAUM's office to see something. BURTON went to NUSSBAUM's office with NUSSBAUM and also met STEPHEN NEUWIRTH. BURTON was shown a note which had been put together after having been torn into many pieces. BURTON stated he immediately recognized the handwriting as that of VINCENT FOSTER. It was explained to BURTON that the items were located by NEUWIRTH in the bottom of VINCENT FOSTER's briefcase.

BURTON advised that after reading the note he, NUSSBAUM and NEUWIRTH discussed what steps should be taken next. It was determined that MACK McLARTY, White House Chief of Staff, should be notified immediately. BURTON and NUSSBAUM spoke with McLARTY via telephone and informed McLARTY of the note's existence and explained to him the note's contents. At that time, it was believed that although the note did not constitute a suicide note it was clearly relevant to the investigation regarding FOSTER's death. However, the note's contents also raised legal matters and questions of executive privilege. It was determined that the legal matters should be researched on the evening of Monday, July

---

Investigation on 7/30/93 at Washington, D.C. File # WMFO 1758-WF-187743

by SA [redacted] P
SA [redacted] DLI Date dictated 8/3/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FBI-00000024

26, 1993, and that on the following day the note would be turned over to the appropriate law enforcement agency after President CLINTON and VINCENT FOSTER's family were notified of the note's existence. BURTON advised the interviewing agents that there was not an outstanding subpoena which ordered immediate surrender of the note before the legal research could be conducted. In addition, while the note was relevant in that it was an indication of FOSTER's state of mind, it was not a suicide note. Therefore there was "not an issue of time pressure" with respect to the need to turn the note over immediately.

BURTON advised that he is not aware of any other notes left by FOSTER which would be pertinent to the investigation of FOSTER's death.

BURTON advised that it was decided the note would be turned over to the DEPARTMENT OF JUSTICE after President CLINTON and VINCENT FOSTER's family were notified of the note's existence. On the evening of July 27, 1993, Attorney General JANET RENO advised individuals at the White House that the note should not be turned over to the DEPARTMENT OF JUSTICE, rather it should be turned over to the UNITED STATES PARK POLICE.

BURTON advised that although he observed BERNARD NUSSBAUM remove the contents FOSTER's briefcase of July 22, 1993, he saw nothing inconsistent with STEPHEN NEUWIRTH's story regarding how the pieces which made up the note were found.

FD-302 (Rev. 3-10-95)

-1-

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/2/93

THOMAS F. (MACK) McLARTY, III, Chief of Staff, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. McLARTY provided the following information:

McLARTY advised that on Monday, July 26, 1993, at approximately 3:30 to 4:00 p.m. (Central Daylight Savings Time) he was in Chicago with President CLINTON when he was contacted by BERNARD NUSSBAUM and informed that a note had been located which appeared to have been written by VINCENT FOSTER and was relevant to FOSTER's death. The contents of the note were explained to McLARTY by NUSSBAUM and it was explained to McLARTY that there were potential legal and executive privilege issues which must be resolved before the note was disclosed. McLARTY discussed the matter with DAVID GERGEN, who was also in Chicago and they agreed that the note must be disclosed to the UNITED STATES PARK POLICE and they also agreed that LISA FOSTER, VINCENT FOSTER's widow, should also be promptly notified. After discussing this matter with DAVID GERGEN, McLARTY called NUSSBAUM back at the White House and a meeting was scheduled for Tuesday morning (July 27, 1993) to further discuss this matter.

McLARTY advised that on Tuesday, July 27, 1993, a meeting was held in his (McLARTY's) office involving BILL BURTON, DAVID GERGEN, BERNARD NUSSBAUM and McLARTY. At the meeting it was decided that President CLINTON would be advised of the note's existence at the earliest possible time and that the matter would be discussed with LISA FOSTER also. At approximately 6:00 p.m. on July 27, 1993, McLARTY advised President CLINTON of the note's existence. At approximately 7:00 p.m. on July 27, 1993, Attorney General JANET RENO and Deputy Attorney General PHILIP HEYMAN arrived at the White House and were told of the note's existence. At that time, RENO advised that the note should be turned over promptly to UNITED STATES PARK POLICE. McLARTY stated that the note was in fact turned over to the U.S. PARK POLICE at approximately 8:30 p.m. to 9:00 p.m.

Investigation on 7/30/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] P Date dictated 8/2/93
SA [redacted]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

13

FD-302 (Rev. 3-10-95)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/2/93

DAVID GERGEN, Assistant to the President, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. GERGEN provided the following information:

GERGEN advised that on Monday, July 26, 1993, he was in Chicago, Illinois with President CLINTON and White House Chief of Staff MACK McLARTY. During the afternoon of July 26, 1993, GERGEN was advised by McLARTY that a note had been located at the White House by White House Counsel BERNARD NUSSBAUM. GERGEN was told that the note was written by VINCENT FOSTER and was relevant to FOSTER's suicide. GERGEN and McLARTY discussed this issue at which time GERGEN made clear to McLARTY that the note must be turned over to the law enforcement agency investigating FOSTER's death. McLARTY and GERGEN discussed executive privilege and legal issues involved in releasing the note to the proper authorities. Because McLARTY and GERGEN were only able to be told of the contents of the note and did not view the note in person, a meeting was set for Tuesday, July 27, 1993 at approximately 10:30 a.m. at the White House which would include McLARTY, NUSSBAUM and GERGEN, at which time the note could be viewed and the appropriate decision made regarding the note's disposition.

GERGEN advised that on Tuesday, July 27, 1993, sometime around 10:30 a.m. to 11:00 a.m., a meeting was held at the White House between BERNARD NUSSBAUM, BILL BURTON, MACK McLARTY and GERGEN. It was the unanimous opinion of the individuals present for the meeting that the note must be turned over to the DEPARTMENT OF JUSTICE as soon as possible. At that time, GERGEN and the others believed the DEPARTMENT OF JUSTICE was the agency responsible for the investigation of FOSTER's death. While being aware that the note must be turned over, GERGEN and the others also wanted to advise LISA FOSTER, VINCENT FOSTER's widow, that the note had been found and they wanted to show her the note. Arrangements were made to have a meeting with LISA FOSTER at the earliest possible time on July 27, 1993. It was learned that

---

Investigation on 7/30/93 at Washington, D.C. File # WMFO 175B-WF-187908

by SA [redacted] P
SA [redacted] plj Date dictated 8/2/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

14

FBI-00000027

WHFO 175B-WF-187743

Continuation of FD-302 of DAVID GERGEN, On 7/30/93, Page 2

LISA FOSTER was in the process of traveling from Arkansas to Washington, D.C. on July 27, 1993 and the meeting was scheduled through LISA FOSTER's attorney, JAMES HAMILTON, to take place at approximately 3:00 p.m.

GERGEN advised that the meeting with LISA FOSTER did in fact take place during the afternoon of July 27, 1993. Also on July 27, 1993 at approximately 6:00 p.m. the existence of the note was disclosed to President CLINTON by MACK McLARTY. McLARTY was told by the President that the note should be turned over to the appropriate law enforcement agency.

GERGEN advised that at approximately 7:00 p.m. on July 27, 1993, a meeting was held at the White House between Attorney General JANET RENO, Deputy Attorney General PHIL HEYMANN, BERNARD NUSSBAUM, MACK McLARTY, BILL BURTON and GERGEN. At that time, the existence of the note was discussed with the Attorney General who stated that the note should be turned over to the UNITED STATES PARK POLICE immediately. RENO questioned the group as to why the note had not been turned over sooner and she was advised that the only reason that the note was not turned over sooner was that it had been decided to notify President CLINTON prior to turning over the note and that the first opportunity to meet with President CLINTON occurred at approximately 6:00 p.m. on July 27, 1993. It was explained that the contents of the note had potential implications regarding executive privilege. In addition it was explained to the Attorney General that it had been decided to meet with LISA FOSTER prior to the note being disclosed.

GERGEN advised that at approximately 9:00 p.m. on July 27, 1993, a detective from the UNITED STATES PARK POLICE arrived at the White House and the note was turned over to him at that time.

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/4/93

PHILLIP HEYMANN, Deputy Attorney General, DEPARTMENT OF JUSTICE, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. HEYMANN provided the following information:

HEYMANN advised that on Tuesday, July 27, 1993, he received a note that stated he was to go with Attorney General JANET RENO to the White House at approximately 7:00 p.m. on July 27, 1993. A short time after receiving that note, HEYMANN received a telephone call from BERNARD NUSSBAUM, White House Counsel. NUSSBAUM explained to HEYMANN that a meeting was to take place in the office of White House Chief of Staff, MACK McLARTY at 7:00 p.m. on July 27, 1993. NUSSBAUM wanted to make sure that his (HEYMANN's) presence was requested at the meeting along with Attorney General RENO.

HEYMANN advised that he and the Attorney General arrived at the White House at approximately 7:00 p.m. and went directly to the office of the Chief of Staff. Present in that office was McLARTY, BERNARD NUSSBAUM, DAVID GERGEN, BILL BURTON, JANET RENO, and HEYMANN. NUSSBAUM initiated the meeting by displaying an envelope which contained many scraps of paper which constituted a single yellow sheet of paper which NUSSBAUM stated contained a message written by VINCENT FOSTER. NUSSBAUM had previously assembled the pieces of the note and copied the message over on another sheet of paper in his (NUSSBAUM's) own handwriting. NUSSBAUM proceeded to read the note's message to the group. NUSSBAUM then explained that the note had been found during the afternoon of Monday, July 26, 1993 in a briefcase belonging to VINCENT FOSTER. Attorney General RENO then told NUSSBAUM that the note should be turned over right away to the UNITED STATES PARK POLICE. None of the individuals present disagreed with the Attorney General. RENO then asked where the note has been and also asked why the note had not been turned over to the UNITED STATES PARK POLICE on Monday afternoon, when it was found. NUSSBAUM explained that the note was held in order to notify President CLINTON of the note's existence and to notify

---

Investigation on 8/2/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] P
SA [redacted]

Date dictated 8/3/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (Rev. 3-10-82)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/2/93

LEONARD JOSEPH MEGBY, JR., Detective, UNITED STATES PARK POLICE, 1100 Ohio Drive, S.W., Washington, D.C., telephone number 202-690-5050, was advised of the identity of the interviewing agent and informed of the nature of the interview. Detective MEGBY provided the following information:

MEGBY advised that on Tuesday, July 27, 1993, he was contacted at approximately 8:30 p.m. by UNITED STATES PARK POLICE Captain CHARLES HUME and directed by HUME to go to the Southwest Gate of the White House in order to pick-up a note relevant to the death investigation regarding VINCENT FOSTER. MEGBY arrived at the White House at approximately 9:00 p.m. and was taken to an office where he met with BERNARD NUSSBAUM, BILL BURTON, DAVID GERGEN, MACK McLARTY and PHILLIP HEYMANN. Arriving after the initial meeting began was an attorney, JAMES HAMILTON. BERNARD NUSSBAUM explained to MEGBY that a note, relevant to the investigation regarding the death of VINCENT FOSTER had been found on Monday, July 26, 1993 by STEPHEN NEUWIRTH, a White House Attorney. NEUWIRTH found the note while packing a box of FOSTER's personal items. The note had been located in the bottom of an empty briefcase which belong to FOSTER. Upon finding the note, NEUWIRTH advised NUSSBAUM and NUSSBAUM related this information via telephone to McLARTY who was in Chicago. MEGBY was also told that the note had been shown to the FOSTER family on July 27, 1993 and had also been shown to President CLINTON.

MEGBY took possession of the note and departed the White House at approximately 9:45 p.m.

Investigation on 8/2/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] plj P Date dictated 8/2/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency. LO

FD-302 (Rev. 3-10-87)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/6/93

The undersigned Special Agents (SAs) were present at the West Wing of the White House when an inventory was conducted of the contents of VINCENT FOSTER's office. The following individuals were present during the inventory:

BERNARD NUSSBAUM	The White House
STEVEN NEUWIRTH	The White House
CLIFFORD SLOAN	The White House
CHARLES WILLIAM BURTON	The White House
DONALD FLYNN	U.S. Secret Service
PAUL IMBORDINO	U.S. Secret Service
DAVID MARGOLIS	Department of Justice
ROGER ADAMS	Department of Justice
Captain CHARLES HUME	U.S. Park Police
Detective PETER MARKLAND	U.S. Park Police
SA DENNIS M. CONDON	FBI
SA SCOTT M. SALTER	FBI

The inventory was conducted by BERNARD NUSSBAUM. Only individuals employed by the White House were permitted to look at the items and documents within the office. During the inventory, BERNARD NUSSBAUM removed the contents of a leather, satchel type briefcase which had been on the floor adjacent to the desk. The briefcase was identified as belonging to VINCENT FOSTER. The items which were in the briefcase (papers and files) were removed and reviewed by NUSSBAUM. After those items were reviewed they

---

Investigation on 7/22/93 at Washington, D.C. File # WMFO 175B-WF-187743

SA DENNIS M. CONDON
by SA SCOTT M. SALTER:plj Date dictated 8/5/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

were not placed back in the briefcase but they remained on top of the desk. NUSSBAUM then pick up the briefcase and placed the briefcase against the back wall of the office. At the time, NUSSBAUM placed the briefcase against the back wall it appeared as though the briefcase was empty. At no time did the undersigned agents observed the inside of the briefcase.

Items which were found during the inventory to be strictly personal in nature and not related to VINCENT FOSTER's work at the White House were removed from the office and turned over to an attorney who represented the FOSTER family. No items were found during the inventory which were determined to be relevant to the investigation of FOSTER's death.

FD-302 (Rev. 3-10-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

CLIFFORD M. SLOAN, Assistant Counsel, the White House, Washington, D.C., was advised of the identity of the interviewing agents and informed of the nature of interview. SLOAN provided the following information:

SLOAN advised that he first learned of VINCENT FOSTER's death on Tuesday, July 20, 1993 at approximately 11:30 p.m. SLOAN was aware that FOSTER's office was secured at approximately 10:00 a.m. on Wednesday, July 21, 1993. SLOAN was present for the inventory of the contents of VINCENT FOSTER's office which occurred on Thursday, July 22, 1993. SLOAN advised the interviewing agents that he recalled when BERNARD NUSSBAUM examined the contents of VINCENT FOSTER's briefcase but could not recall any specific items which were located in the briefcase. SLOAN believed that all the items were taken out of the briefcase however he did not examine the empty briefcase at that time. SLOAN was asked by the interviewing agents to review the notes he took during the inventory of July 22, 1993. SLOAN examined his notes and advised that there was nothing in his notes which is of any use in providing more details regarding the inventory.

SLOAN advised that he was not aware that a note had been located until the evening of Tuesday, July 27, 1993. At the time SLOAN was notified that a note had been located, the note had already been turned over to the UNITED STATES PARK POLICE.

SLOAN advised that he was told that the note was located by STEPHEN NEUWIRTH having been found when NEUWIRTH turned VINCENT FOSTER's briefcase upside down in order to place it in a box. As the briefcase was turned upside down several scraps of paper fell out of the briefcase and NEUWIRTH subsequently located more scraps of paper inside the briefcase. The scraps of paper were assembled and the message on the note could be read.

Investigation on 7/30/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] P Date dictated 8/2/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302a (Rev 10-15-93)

WMFO 1758-WF-187743

Continuation of FD-302 of CLIFFORD M. SLOAN, On 7/30/93, Page 3

SLOAN advised that he was not surprised that the note was located in the bottom of the briefcase even though the briefcase had been previously emptied and its contents inventoried. SLOAN recalled that after the briefcase was emptied by NUSSBAUM and the contents reviewed, the empty briefcase was placed on the floor at the spot where he (SLOAN) was standing. However, SLOAN did not notice if there were any items remaining in the briefcase because he "did not look after every detail." SLOAN was not aware of any other notes left by VINCENT FOSTER which would be relevant to the investigation of FOSTER's death. SLOAN was also unaware of any circumstances regarding the location of the note in question other than the version given by STEPHEN NEUWIRTH.

FBI-00000037

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/4/93

Special Agent (SA) DONALD A. FLYNN, UNITED STATES SECRET SERVICE (USSS), the White House, Washington, D.C., was made aware of the identity of the interviewing agent and to the nature of interview. FLYNN provided the following information:

FLYNN advised that he was present in VINCENT FOSTER's office located in the West Wing of the White House on July 22, 1993, during the inventory of the contents of FOSTER's office. FLYNN recalled that the inventory was conducted by White House Counsel BERNARD NUSSBAUM. FLYNN advised that prior to the inventory being conducted the room had been secured with the only key in FLYNN's possession. FLYNN's role during the inventory was to be present as an escort for the individuals from the UNITED STATES PARK POLICE, the DEPARTMENT OF JUSTICE, and the FEDERAL BUREAU OF INVESTIGATION.

FLYNN recalled that at one point during the inventory BERNARD NUSSBAUM removed and reviewed the contents of a briefcase which was located in VINCENT FOSTER's office. FLYNN could not recall any details of this portion of the inventory but was aware that items were removed from the briefcase and he did not recall any items being put back into the briefcase. FLYNN could not recall any other details regarding that portion of the inventory.

FLYNN advised that at the conclusion of the inventory he provided his key for VINCENT FOSTER's office to BERNARD NUSSBAUM.

FLYNN advised that he is not aware of any other information which would be pertinent to VINCENT FOSTER's death investigation having been found.

Investigation on 8/3/93 at Washington, D.C. File # WMFO 1758-WF-187741

by SA [redacted]/dll Date dictated 8/3/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

25

FD-302 (Rev. 3-10-83)

-1-

FEDERAL BUREAU OF INVESTI. TION

Date of transcription 8/9/93

PAUL IMBORDINO, Special Agent, UNITED STATES SECRET SERVICE, the White House, was advised of the identity of the interveiving agent and informed of the nature of the interview. IMBORDINO provided the following information:

IMBORDINO advised that he was present in VINCENT FOSTER's office on July 22, 1993 when the contents of the office were inventoried. IMBORDINO stated that he was present in the office to insure that the visiting officials from the DEPARTMENT OF JUSTICE, the UNITED STATES PARK POLICE, and the FEDERAL BUREAU OF INVESTIGATION were properly escorted. IMBORDINO advised that during the inventory he was required to leave the office on two occasions to return messages he received on his pager. IMBORDINO advised that he could provide not specific information regarding the portion of the inventory during which VINCENT FOSTER's briefcase was handled.

Investigation on 8/2/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] pli Date dictated 8/9/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (Rev. 3-10-83)

-1-

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/9/93

DAVID MARGOLIS, Deputy Assistant Attorney General, DEPARTMENT OF JUSTICE (DOJ), Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. MARGOLIS provided the following information:

MARGOLIS advised that he was present for the inventory of the contents of VINCENT FOSTER's office which was conducted by BERNARD NUSSBAUM on July 22, 1993. MARGOLIS stated that all of the items in the office were reviewed only by BERNARD NUSSBAUM and members of the Office of the White House Counsel. MARGOLIS recalled that at one point during the inventory, items were removed from a briefcase in FOSTER's office and that the items removed were reviewed by BERNARD NUSSBAUM. MARGOLIS believed these items to be papers and files. After reviewing these items, NUSSBAUM picked up the briefcase which was apparently empty at that time and placed it against the back wall of FOSTER's office. MARGOLIS was not able to observe if there were any other items remaining in the bottom of the briefcase.

MARGOLIS advised that on July 21, 1993 he understood that the inventory of FOSTER'S office was to be conducted by both White House personnel and law enforcement personnel. On July 22, 1993, when MARGOLIS arrived at the White House to participate in the inventory, BERNARD NUSSBAUM told him that only White House personnel would review the items in FOSTER'S office. MARGOLIS stated that this change in the inventory process was a decision made by NUSSBAUM.

Investigation on 8/3/93 at Washington, D.C. File # WMFO 1738-WF-187743

by SA [redacted] P
SA [redacted] Phil Date dictated 8/4/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

27

FD-302 (Rev. 3-10-95)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

ROGER ADAMS, Deputy Assistant Attorney General, DEPARTMENT OF JUSTICE (DOJ), Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. ADAMS provided the following information:

ADAMS advised that he was present during the inventory of items located within VINCENT FOSTER's office on July 22, 1993. ADAMS stated that the review of the items was conducted by BERNARD NUSSBAUM. ADAMS recalled that at one point during the inventory NUSSBAUM located a briefcase somewhere behind VINCENT FOSTER's desk. ADAMS recalled that there was some conversation concerning whether or not FOSTER carried that briefcase with him to and from work on a daily basis. NUSSBAUM removed items from the briefcase, those items consisting primarily of papers and files and reviewed those items. ADAMS stated that from his vantage point he was not able to observe whether there were any items remaining in the bottom of the briefcase after the papers and files have been removed by NUSSBAUM.

Investigation on 8/3/93 at Washington, D.C. File # WMFO 175B-WF-187743

by SA [redacted] FBI P Date dictated 8/4/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency. 28

FD-302 (Rev. 3-10-83)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

CHARLES W. HUME, Captain, UNITED STATES PARK POLICE, 1100 Ohio Drive, S.W., Washington, D.C., was advised of the identity of the interviewing agent and informed of tah nature of the interview. HUME provided the following information:

HUME advised that he was present on July 22, 1993 during the inventory of VINCENT FOSTER's office, located at the West Wing of the White House. HUME stated that the inventory occurred at 1:15 p.m. HUME stated that the inventory of items was conducted by White House Counsel BERNARD NUSSBAUM and that he (HUME) and other law enforcement individuals present were there only as observers and were not permitted to review the items which were inventoried.

HUME advised that during the inventory BERNARD NUSSBAUM removed documents from a briefcase which was in the office and identified as belonging to FOSTER. HUME believed that when these items which consisted of files and papers had been taken out of the briefcase it was believed that the briefcase was empty. After BERNARD NUSSBAUM reviewed the items which were in the briefcase, HUME recalled that NUSSBAUM picked up the briefcase looked in it and indicated that the briefcase was empty. HUME recalled that a short while later during the inventory, NUSSBAUM picked up the briefcase again and at that time moved it against the back wall of FOSTER's office. HUME advised the interviewing agent that at no time was he able to see the bottom portion inside the briefcase.

Investigation on 8/2/93 at Washington, D.C File # WMFO 179B-WF-187743

by SA [redacted]/pll Date dictated 8/3/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

29

FD-302 (Rev. 3-10-95)

-1-

FEDERAL BUREAU OF INVESTIG. ON

Date of transcription 8/4/93

PETER W. MARKLAND, Detective, UNITED STATES PARK POLICE, 1100 Ohio Drive, S.W., Washington, D.C., after being aware of the identity of the interviewing agent and to the nature of the interview, provided the following information:

MARKLAND advised that he was present of Thursday, July 22, 1993, during the inventory of the contents of VINCENT FOSTER's office located at the White House. MARKLAND stated that the items were reviewed only by White House Counsel BERNARD NUSSBAUM and that the inventory's purpose was to identify and set aside any items in the office which were related to FOSTER's work in the Office of the White House Counsel.

MARKLAND advised that he recalled when NUSSBAUM reviewed the items located in VINCENT FOSTER's briefcase. MARKLAND observed NUSSBAUM remove the contents of the briefcase which included files and other papers and place them on FOSTER's desk. After those items had been reviewed, MARKLAND observed NUSSBAUM pick up the briefcase, open the top of the briefcase, look inside it and declared that it was empty. MARKLAND then observed NUSSBAUM close the briefcase and place it against the back wall of the FOSTER's office. MARKLAND believed that had there been scraps of paper lying in the bottom of the briefcase, they would have been seen and identified by NUSSBAUM at that time.

MARKLAND advised that he has prepared a written report regarding the inventory of FOSTER's office and an interview of BERNARD NUSSBAUM.

(telephonically)

Investigation on 8/2/93 at Washington, D.C. File # WMFO 175-WF-187743

by SA [redacted]pli P Date dictated 8/3/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

30

FD-302 (Rev. 3-10-82)

-1-

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/3/93

DEBRA L. GORHAM, Secretary, Office of the Counsel to the President, the White House, Washington, D.C., was advised of the identities of the interviewing agents and informed of the nature of the interview. GORHAM provided the following information:

GORHAM advised that sometime just before midnight on July 20, 1993, she was contacted at her home via telephone and advised that VINCENT FOSTER had been found dead of an apparent suicide. GORHAM arrived at work the next day (Wednesday, July 21, 1993) at approximately 8:30 a.m. Shortly after arriving at work, GORHAM, who had been VINCENT FOSTER's secretary, went to FOSTER's office and looked inside the office. GORHAM did not touch any item in FOSTER's office and was careful in that when she looked in the office she only stood in the doorway, where it would be clear to other individuals that at no time did she enter the office. From her vantage point at the doorway to FOSTER's office, GORHAM did not observe anything to be missing from FOSTER's desk. GORHAM was aware that BETSY POND, the lead secretary for the Office of the White House Counsel, had gone into FOSTER's office briefly on the morning of July 21, 1993 and that she did "straighten up" some items on the desk. GORHAM stated that it was unusual for POND to go into FOSTER's office but that she was not aware of any items that were taken out of FOSTER's office. GORHAM did not go into FOSTER's office until after an inventory had been taken of the items in the office on Thursday, July 22, 1993. After that inventory, GORHAM was given one of the keys to FOSTER's office.

GORHAM advised that on Monday, July 26, 1993, she was assigned to assist STEPHEN NEUWIRTH in the review of items in FOSTER's office. GORHAM recalled that at one point, FOSTER's briefcase was "in the way" so she picked it up and placed with a group of FOSTER's personal items which were to be returned to the FOSTER family. GORHAM stated that it her practice never to look in another's individuals briefcase but that as she picked up the briefcase she was aware that it was empty with the exception of

---

Investigation on 8/3/93 at Washington, D.C. File # WMFO 175B-WF-187743

SA [redacted] P

by SA [redacted] gli Date dictated 8/4/93

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

31

SCHEDULE FOR HILLARY RODHAM CLINTON
DATE: TUESDAY, JULY 27, 1993
FINAL

WASHINGTON, DC

Scheduling Desk: **Julie Hopper**
202-456-7561 office
202-456-2317 fax
202-544-4223 home
1-800-528-7528 #4096

PREV RON **The White House**

9:00 am - 9:15 am — **PVT MTG w/Maggie Williams & Patti Solis**
HRC's Office

9:15 am - 9:30 am — **PVT MTG w/Maggie Williams**
HRC's Office

9:30 am - 10:30 am — **PVT MTG w/Ira Magaziner**
HRC's Office

10:30 am - 11:30 am — **PVT MTG w/Maggie Williams**
HRC's Office

12:00 pm — **LUNCH**

1:00 pm - 2:30 pm — **OFFICE/PHONE TIME**
HRC's Office

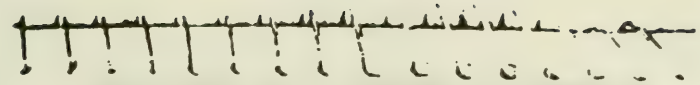
2:30 pm - 3:00 pm — **PVT MTG w/Bernard Nussbaum & Steve Neuwirth**
HRC's Office

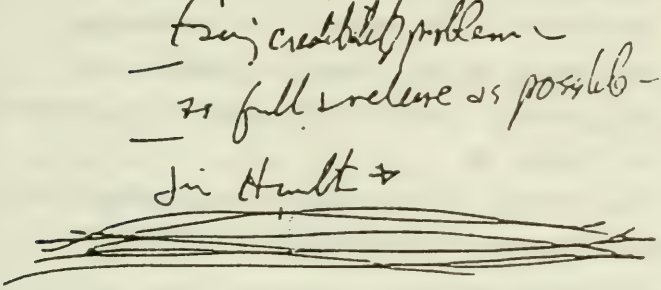
Contact: Patti Solis (456-7560)

3:00 pm - 5:00 pm — **OFFICE/PHONE TIME**
HRC's Office

RON **The White House**

S 020562





HRC > n

WH not

Z 001148

Ms. Huber. No, because I do not wear a pager. I never wear my pager. So he could page me, but I wouldn't have known it.

Mr. Chertoff. Did you talk to Bernie Nussbaum?

Ms. Huber. No, sir, I have never talked to him.

Mr. Chertoff. You have never talked to Mr. Nussbaum?

Ms. Huber. No.

Mr. Chertoff. Do you know where Mr. Nussbaum tried to reach you by page the previous day?

Ms. Huber. No, sir.

Mr. Chertoff. Do you know whether on the previous day Mr. Nussbaum was trying to reach you to make his own arrangements to move any records up to the residence?

Ms. Huber. No, sir.

Mr. Chertoff. So as you sit here, you cannot tell us, you have no idea -- and I'm doing this to make it clear rather than to kind of push you -- you have no idea why Bernie Nussbaum would have tried to reach you by page on Wednesday evening before the Thursday the box was moved up?

Ms. Huber. No, sir.

Mr. Chertoff. Just to be clear, I believe you told us a moment ago after you locked the box in the closet, you put the key back in the drawer?

Ms. Huber. Yes.

Mr. Chertoff. And that's the drawer where the key is always kept?

Ms. Huber. Yes, it's in an envelope, and it says "key to closet."

Mr. Chertoff. That makes perfect sense. I think at this point, I am done, Mr. Chairman, and I yield the rest of my time to whoever else on our side wants it.

BOLD CAPS Ctr.

The Chairman. I think we go to Senator Bond.

OPENING COMMENTS OF SENATOR BOND

Senator Bond. Thank you very much, Mr. Chairman.

Mr. Castleton and Ms. Huber, thank you very much for being here. You all have taken a great deal of time, but the information you provide is very helpful.

I just want to be clear I understand, and first, starting with Mr. Castleton, we're focusing on July 22. This committee has heard yesterday from Mr. Heymann that there was a search which was not really trustworthy or reliable. We know from other testimony that the deposition of Mr. Nussbaum has said that he and Ms. Williams put files into a box.

Now, we're at the position where Ms. Gorham earlier this week testified that she asked you to help move the box, and as a good assistant, you did that right away. You moved to help her pick up the boxes. One question that interests me is how long does it take you to go from the place where you picked up the box to the residence? How

THE WHITE HOUSE
WASHINGTON

February 12, 1996

BY HAND DELIVERY

Robert Giuffra, Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Bob:

I am enclosing Worker and Visitor Entry System (WAVES) records (Bates Nos. S 020549 - 561) responsive to the Chairman's letter dated February 2, 1996. In response to the Chairman's letter dated February 9, 1996, I am also enclosing copies of the First Lady's schedule for July 27, 1993 (Bates Nos. S 020562 - 563). Although the schedule reflects meetings in the First Lady's office, I note that, as I informed the Committee in my letter to Messrs. Chertoff and Ben-Veniste of December 9, 1995, movement records suggest that the First Lady remained in the Residence that day.

Pursuant to the Committee's Security Procedures, we request that these documents be treated as "Highly Confidential." We would appreciate the opportunity to discuss with the Committee the basis for our request in the event the Chairman and Ranking Member consider redesignating any of this material.

Please feel free to call me if you have any questions.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

Enclosures

cc: Lance Cole
Minority Deputy Special Counsel

REDACTED

COPY

Notepad: DIARY

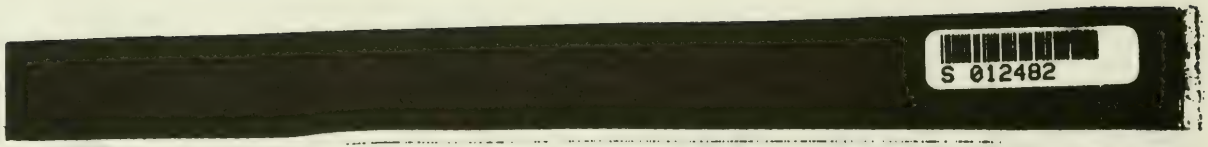
Tuesday, July 27

7:30 Breakfast for Mrs. Blair and Mrs. Clinton
8:15 The President to the Oval Office
8:45 The President to the Second Floor
9:20 The President to the Oval Office
10:31 Maggie Williams to the Second Floor
12:05 Maggie Williams down
1:35 Maggie Williams to the Second Floor
2:10 Roy Neal to the Second Floor
2:25 Maggie Williams down
2:25 Roy Neal to the West Wing
3:00 Robert Barnett to the Second Floor
3:10 Susan Thomases to the Second Floor
3:49 The Vice President to the Diplomatic Reception to address group 29
4:23 The President to the Diplomatic Reception Room
4:30 Susan Thomases and Mr. Barnett depart
4:43 The President to the Second Floor
5:00 The President to the Oval Office
6:50 Congressmen to the State Dining Room for Mainstream Democratic 69
Forum
7:13 The President arrives State Floor, to the State Dining Room
8:51 Guests depart
8:52 The President and senior staff to the Second Floor
9:10 Senior staff departs
9:15 Dinner for President and Mrs. Clinton, Diane Blair 3

Houseguest:

Diane Blair - Room 327

S 020927



REPORT NO: WAV07785 WAVES PAGE NO:

RUN DATE : 93/08/02 VISITOR SUMMARY FOR 93/07

VISITOR		VISITEE	UIN	TIME	DATE	LOC	ROOM	REQUESTOR	BADGE	T
BARNETT	ROBERT	BECKEL	UB8406	0800	930723	W	WW	BECKEL	011656	C
BARNETT	ROBERT	POTUS	UB8213	0700	930724	W	WW	FRIEDKIN	******	***
BARNETT	ROBERT	FIRST LADY	U90150	1500	930727	W	RESIDENCE	MARSHALL	005454	14

REDACTED

THE WHITE HOUSE

WASHINGTON

Tuesday, July 27

7:30 Breakfast for Mrs. Blair and Mrs. Clinton

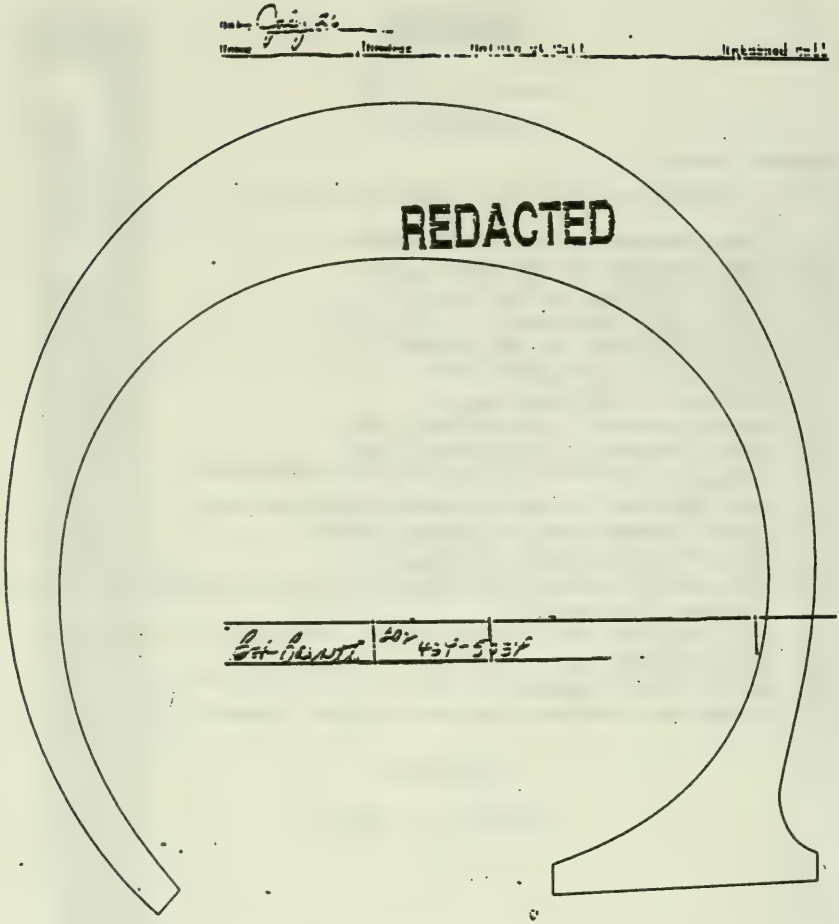
~~6:15 The President to the Oval Office~~
8:45 The President to the Second Floor
9:20 The President to the Oval Office
10:31 Maggie Williams to the Second Floor
12:05 Maggie Williams down
1:35 Maggie Williams to the Second Floor
2:10 Roy Neel to the Second Floor
2:25 Maggie Williams down
~~2:25~~ Roy Neel to the West Wing
3:00 Robert Barnett to the Second Floor
3:10 Susan Thomases to the Second Floor
3:49 The Vice President to the Diplomatic Reception to address group 29
4:23 The President to the Diplomatic Reception Room
4:30 Susan Thomases and Mr. Barnett depart
4:43 The President to the Second Floor
5:00 The President to the Oval Office
6:50 ~~Congressmen to the State Dining Room for Mainstream~~ Democratic Forum (29 guests)
7:13 The President arrives State Floor, to the State Dining Room
8:51 Guests depart
8:52 The President and senior staff to the Second Floor
9:10 Senior staff departs
9:15 Dinner for President and Mrs. Clinton, Diane Blair 3

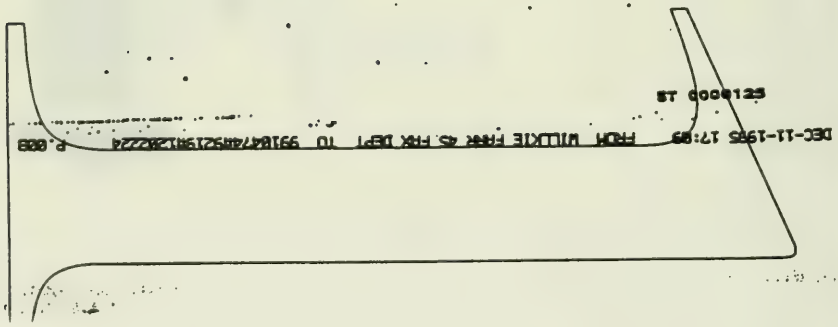
Houseguest:

Diane Blair - Room 327

3:49 PM
DIP Room Guests
N.C. Afternoon Leaders

S 020935


REDACTED


DEC-11-1995 17:09 FROM WILLKIE FARR &S FAX DEPT TO 99104740952198 P.008
ST 0009125

CELLULARONE Account Name: SUSAN THOMASES Mobile Number: 917-
Rate Plan: CONTRACT PREFERRED

DETAIL OF ROAMER CHARGES

ROAMER SURCHARGES:

7/14 DAILY SURCHARGE FROM WASHINGTON, DC WIRELINE	3.00
7/21 DAILY SURCHARGE FROM WASHINGTON, DC WIRELINE	3.00
7/22 DAILY SURCHARGE FROM WASHINGTON, DC WIRELINE	3.00
7/27 DAILY SURCHARGE FROM WASHINGTON, DC WIRELINE	3.00
7/28 DAILY SURCHARGE FROM WASHINGTON, DC WIRELINE	3.00
	15.00

ROAMER CALL CHARGES:

CALLS TO		NO. CALLED	DATE	TIME	PERIOD	MINUTES	CHARGES AIR	LAND	TAX	TOTAL
Calls From WASHINGTON, DC WIRELINE										
OPERATOR	0		7/14							
OPERATOR	0		7/14							
NEW YORK	NY		7/14							
OPERATOR	0	202- [Williams]	7/21	527P	2	2.0	2.000		.22	2.22
OPERATOR	0	212- [Office]	7/22	306P	1	1.0	1.000			1.00
OPERATOR	0	202- [Florida Ofc.]	7/22	308P	1	10.0	10.000		1.10	11.10
NEW YORK	NY		7/27							
NEW YORK	NY		7/28							
			Subtotal =			23.0	23.00	1.32	1.65	25.97
			Total =			23.0	23.00	1.32	1.65	25.97

CALL CHARACTERISTICS: 0=OPERATOR ASSISTED

DETAIL OF CALL CHARGES

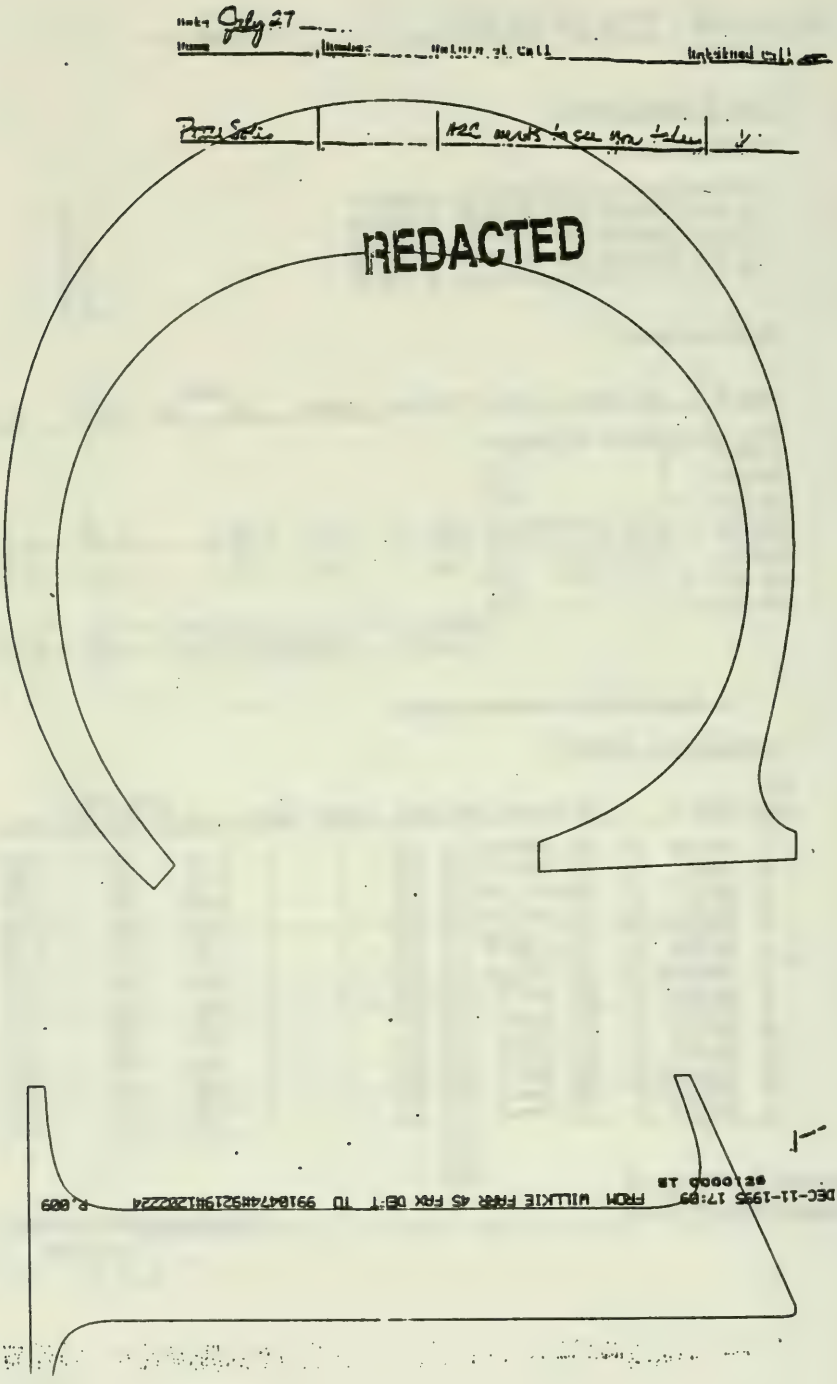
REF LINE	CALLS TO		NO. CALLED	DATE	TIME	PERIOD	MINUTES	AIR	LOCAL LAND/ LONG DISTANCE	TOTAL
1	NEW YORK	NY	212- [Office]	7/25	146P	1	2	1.100	.120	1.220
2	SUMMIT	NJ	908- [Dan.]	7/25	148P	1	2	1.100	.120	1.220
3	QUEENS	NY	718- [Car Svc]	7/25	152P	1	3	1.650	.180	1.830
4	NEW YORK	NY	212- [Office]	7/25	522P	1	2	1.100	.120	1.220
5	WASHINGTON	DC	202- [Williams Ofc.]	7/25	524P	1	3	1.650	.650 *	2.300
6	NEW YORK	NY	212- [Home]	7/25	528P	1	5	2.750	.330	3.080
7	WASHINGTON	DC	202- [W H Ofc.]	7/25	533P	1	3	1.650	.650 *	2.300
8	NEW YORK	NY	917- [Dan.]	7/25	536P	1	1	.550	.060	.610
9	FREEHOLD	NJ	908- [Dan.]	7/25	537P	1	2	1.100	.120	1.220
10	NEW YORK	NY	212- [Home]	7/25	539P	1	1	.550	.060	.610
11	NEW YORK	NY	212- [Home]	7/25	541P	1	1	.550	.060	.610
12	BRIDGEHMPTN	NY	516- [Dan.]	7/25	541P	1	1	.550	.060	.610
13	BRIDGEHMPTN	NY	516- [Dan.]	7/25	545P	1	7	3.850	.420	4.270
14	BROOKLYN	NY	212- [Dan.]	7/25	551P	1	1	.550	.060	.610
				7/25						
				7/25						
				7/25						

REDACTED

*Indicates Long Distance Charges

TOTAL P.008

-98X 12-06-95 08:09PM P008 #34


REDACTED

REC	EXT	DATE	TIME	AC	EXC	TEL	DUR	COST	ST-MEM	CODE
199	6784	727	1229	202	456	1414	2:16	7	3 22	7
200	6784	727	1233	202	456	1414	0:22	7	3 16	7
201	6784	727	1133	202	456	2468	1:12	7	3 25	7
202	6784	727	1236	202	456	2533	9:52	7	3 N	7
204	6784	727	1300	202	456	2533	1:58	7	3 8	7
215	6784	727	1137	212	[Business]		1:32	73	5 1	
223	6784	727	1233	212	[NY Ofc.]		1:28	73	6 1	3
234	6784	727	1308	212	[NY Ofc.]		0:48	35	6 1	3

REDACTED

DEC-11-1995 17:09 FROM BLACKIE FAAX AS FAX DEPT TO 9918674892196426224 P.006

ST 0000123

01/10/1996 10:58 FROM WILLKIE FARR 49-SERV'ROOM TO 9991847491202224513? P.05

MEMO

TO SPT

DATE 1/27 TIME 1 30 AM PM

FROM Evelyn

OF

AREA CODE

NO.

EXT.

MESSAGE

please
call Hillary

SIGNED

PHONED ☒ CALL BACK ☒ RETURNED CALL ☐ WANTS TO SEE YOU ☐ WILL CALL AGAIN ☐ WAS IN ☐ URGENT ☐

[redacted]



Account Number:
August 25, 1993
Page 1

This portion of your bill is provided as a service to AT&T. There is no connection between New York Telephone and AT&T. You may choose another company for your long distance telephone calls while still receiving your local telephone service from New York Telephone.

Helpful numbers
Billing inquiries call AT&T 1 800 222-0300

Summary of AT&T charges

Itemized calls

Calling card calls

No.	Date	Called from	Called to	Time	Rate	Min.	Amount
Calling number: AT&T CALLS CHARGED TO A NEW YORK TELEPHONE CALLING CARD							
2.	JUL 27	WASHINGTON DC 202 [Res.]	NEW YORK NY 212 [Bus.]	5 27 PM	EVE	1	.31
4.	JUL 27	WASHINGTON DC 202 [Res.]	NEW YORK NY 212 [Bus.]	5 29 PM	EVE	9	2.25
5.	JUL 27	AURLNGT VA 703 [Neighbor]	NEW CANAAN CT 203 [Family]	5 45 PM	EVE	3	1.83

REDACTED

DEC-11-1995 17:18 FROM BILLKIE FARR & PAK DEPT TO 99184/ANSOLSMLR0222M P.011
ST 0000/28

Memorandum from J. C. Frier to Mr. Potts
Re: Unsub; Vincent W. Foster, Jr.,
Deputy White House Counsel to
the President - Victim;
7/20/93; PPSAKA - Staff Member,
Obstruction of Justice (OOJ);
Preliminary Inquiry;
OO: WMFO

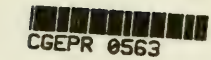
DAG Heymann was interviewed and confirmed that he and Attorney General Reno were called to the White House at approximately 7:00 p.m., 7/27/93. It was at that time he was advised of the 7/26/93 discovery of the note, the previously described reasons it had been maintained by the White House staff, i.e. sensitivity for Foster's family and the need of the President to see it, and the fact that the President wanted the note turned over to the law enforcement investigators.

USPP Investigator Joseph Megby was interviewed and advised that he was provided the note on 7/27/93 at approximately 9:15 p.m. He copied the contents of the note on two pieces of plain white paper and gave a copy to DAG Heymann who was present in the White House when he, Megby, arrived. DAG Heymann advised he provided this copy to his assistant, David Margolis, who, in turn, provided it to the FBI.

In addition to the above, James Hamilton, attorney representing the Foster family, was interviewed. He confirmed the meeting between himself, Mrs. Foster and the White House staff on the afternoon of 7/27/93 as well as the purpose of the meeting as described above. Hamilton stated that during his meeting with White House personnel on 7/27/93, there was never any mention or indication that the note would not be turned over to law enforcement officials; only that such would occur after it was reviewed by the President. Hamilton advised that he would not make Mrs. Foster available for interview.

David Margolis and Roger Adams, DOJ, were interviewed and advised that they were present on 7/22/93 when Foster's office was searched. Margolis advised it had been agreed on 7/21/93 that law enforcement personnel would conduct the search; however, on the afternoon of 7/22/93, Chief White House Counsel Nussbaum advised the search would be conducted by him while being observed by law enforcement personnel. Both Margolis and Adams recall a briefcase being located, the contents being removed and the case being opened by Nussbaum to ensure nothing remained in it. Neither Adams nor Margolis could see into the briefcase.

(Continued - Over)



CHRONOLOGY OF TRAVEL OFFICE FIRINGS (as of 5.25.93)

Early February -- Dee Dee Myers talks to Harry Thomason and Darnell Martens about press charter business. Martens contacts Billy Dale in the White House travel office and is told there is "no chance" TRM will get White House business. Martens writes memo about conversation to his file.

February 15 -- Catherine Cornelius and Clarissa Cerda write memo to David Watkins proposing reorganization of travel office

April 05 -- Catherine Cornelius goes to work in the travel office, acting as a liaison to scheduling and advance and arranging hotels and flights for White House staff.

May 10 -- Harry Thomason and Darnell Martens meet with Watkins, describe Martens encounter with Billy Dale. Thomason calls Martens Cincinnati office and has memo faxed to White House. Thomason makes copies for David Watkins, Catherine Cornelius and himself.

May 13 -- Bill Kennedy (and others?) meet with representatives (who?) of the FBI, seeking guidance on disturbing information discovered in the travel office. FBI confirms that there may be enough information to warrant further investigation.

May 13 -- David Watkins contacts Larry Herman of Peat, Marwick and asks the company to review travel office files.

May 14 -- Larry Herman and five other Peat, Marwick accountants begin review. Interview several members of the travel office (which ones?)

May 15 -- Peat, Marwick auditors brief members of White House counsel's office, administrative staff and FBI about their findings. Based on information provided during the briefing, the FBI determines they have "predicate" to investigate.

May 19 -- David Watkins meets with four or five members of the travel office in Washington, including Billy Dale. Tells them they have been dismissed and asks them to clear out their belongings by day's end. Jeff Eller briefs Al Kamin of the Washington Post and George Condon of the White House Correspondents' Association. Dee Dee Myers briefs White House press corps at 2 p.m., confirms that FBI has been called and further investigation is "likely." Later that afternoon, George Stephanopoulos, Dee Dee Myers, Jeff Eller, David Watkins and

Kendall
Engstrom
Nicholson
Kinney
Lynn
- Eggleston
Kinney

(1) Gather the Facts - Campaign, etc
(2) Trying to find out what going on in investigation
(3) Prepared for Appeal Time on media
(4) Meeting for Opening with Tax Division
- One Person

Cover up in the Campaign

'68 Indicted in Arkansas - Mr. Dwyer
Negotiated
'72 Campaign - Some of funds were 50%
Cancelled by Mr. Dwyer
'78 - Walsh

Position :- Clinton had lost $ in W&L
- Wanted to renegotiate this in district
- $68,000 or lost
- Mr. Dwyer $52,000 lost - wrong

HHL representation of Madison

- Not much activity representing people Lyons
Kinney
2 HHL letters Beverly Bennett

① Madison
② PP of Plaid Ark

Beverly Bennett - Requested W letter to do this
Reality applied BS no Mr. Cox
Bottom line + strong support

Two Mark Copies

RLF - Original Quinton
2nd Reinstatement

S 012517

7/2/86

Sam—

Madison Guaranty is in pretty serious trouble. Because of Bill's relationship w/ McDougal, we probably ought to talk about it. The meeting referred to in the attached letter has been moved up to July 11, 1986 and the FHLBB has asked me to be present at the meeting.

Please note that while all of the FHLBB restrictions in the letter are serious, #5 + 6 effectively put Madison out of business.

Thank you for your support.

BEVERLY BASSETT
Securities Commissioner

BB

CCBW-884

July 14, 1986

HAND-DELIVERED

Mr. Jim McDougal
Mr. John Latham
MADISON GUARANTY SAVINGS & LOAN
15th and Main Streets
Little Rock, AR 72201

Dear Jim and John:

When you requested the Rose Law Firm represent Madison on a specific matter in April, 1985, I advised you that the firm would credit fees against a monthly retainer and then bill for whatever fees might be in excess of the retainer at the end of each month. Since that time, Madison has run a credit in its account at the end of every month.

We are also aware that since that time Madison has been relying and continues to rely on a number of other law firms to provide ongoing representation, and that our representation has been for isolated matters and has not been continuous or significant.

You currently have a credit with the Rose Law Firm of $4,622.53. I am, therefore, returning the enclosed check our firm received for $2,000.00 as an advance against legal fees for the month of July, 1986, and a check for the retainer credit in the amount of $4,622.53.

RLF2 03062

DKSN001168

Mr. Jim McDougal
Mr. John Latham
July 14, 1986
Page Two

We do not believe it appropriate for us to take a pre-payment of legal fees when there is only one matter we are representing Madison on, namely the negotiations with Savers over the Babcock and Econolodge loan participations. If you would like us to work on another specific matter, we would be glad to discuss it on a case-by-case basis.

Sincerely yours,

For the Rose Law Firm
HILLARY RODHAM CLINTON

HRC:sjm

Enclosures: Original checks to John Latham
Copies of letter and checks to Jim McDougal

bcc: Mr. Vince Foster
Mr. Herb Kule

RLF2 03063

DKSN001169

STATE OF ARKANSAS
OFFICE OF THE GOVERNOR

JR

ROUTE SLIP

To: [illegible]

Date: 8/14

From: CW

( ) For Approval	( ) For Necessary Action
( ) For Signature	( ) Initial And Forward
( ) For Comment	( ) Note And Return
( ) Prepare Reply	( ) Please See Me
( ) For Your Information	( ) As Requested

Remarks:

White Water Book
(McDougal's company)

Do you still have? [illegible]
to Jim's current problems

If so, Jim would clear
it. . . NO - DO N
have any

DKSN013309 More - JB

ADC CDC – 1476

C- pls review + discuss w/ me

MEMORANDUM

TO: Mrs Clinton

FROM: Mary Russell

DATE: July 21, 1988

Please review the attached list of your closed files. We are now in the process of microfilming and destroying all files unless you specifically request certain files remain intact. All files that are to be kept in their original form need to be marked with "K." There are many files that could be destroyed without being microfilmed. This would save time and money. Please mark "D" beside each of these files.

If you have any questions, please call me. We need your list back no later than August 9.

Also - I would like a separate updated typed list of all those files + the #s on them kept in K

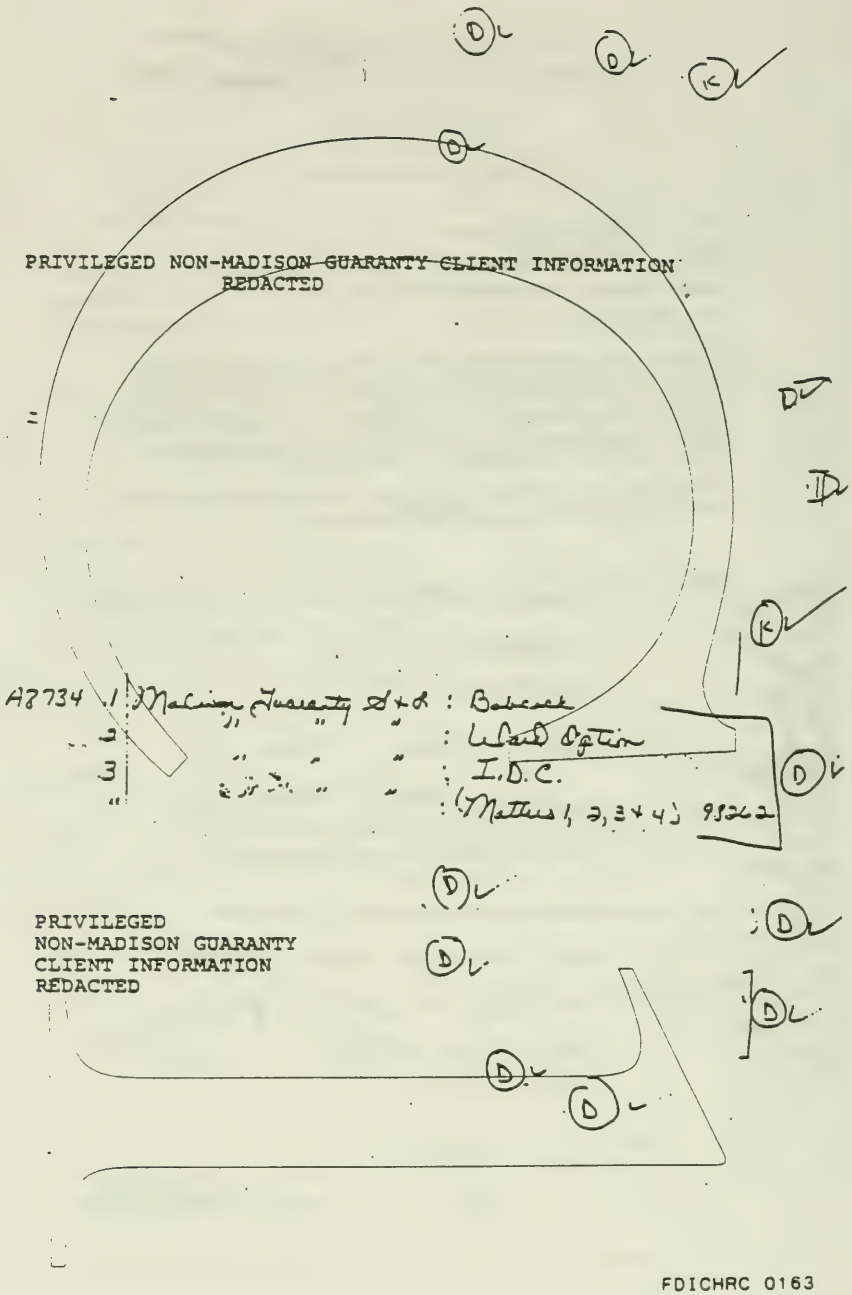
C- I have marked with D, K + M (for micro.) + marked some files I want pulled + returned to me.

There are, however, so many duplicate listings I can't tell what's being destroyed.

Can you send a list back over next week + mark appropriate duplicate + note any files to kept K/ marking. Thx Susan w/ Mary Russell.

- I would like all entries combined

FDICHRC 0162


PRIVILEGED NON-MADISON GUARANTY CLIENT INFORMATION
REDACTED
A8734 .1 : Madison Guaranty S+L : Bookcase
.2 : Liquid Option
.3 : I.D.C.
: (Matters 1, 2, 3+4) 98262
PRIVILEGED
NON-MADISON GUARANTY
CLIENT INFORMATION
REDACTED

FDIC
Federal Deposit Insurance Corporation
Washington, D.C. 20429

Office of Investigations
Office of Inspector General

MEMORANDUM OF INTERVIEW

INTERVIEW OF	DATE OF INTERVIEW	INTERVIEWED BY
HARRY DON DENTON	June 11, 1986	[redacted]
INTERVIEW HELD AT	**PEOPLE PRESENT**	
Washington, D.C.	N/A	

HARRY DON DENTON, former Chief Lending Officer, , was interviewed on June 11, 1986 by Special Agents in Washington, D.C. DENTON had previously been interviewed relative to his knowledge of activities at, and individuals connected with, MGSL. Subsequent to that interview, DENTON had reviewed files he had, and had provided certain documents to reporting agent. He also agreed to be interviewed again.

In the earlier interview, DENTON had recalled that he first learned of the May 1, 1986 option agreement allowing MADISON FINANCIAL CORPORATION (MFC) to purchase the property WARD owned at 27 & 28 Holman Acres in July, 1986. DENTON said that since that interview, he had a chance to review certain records that he maintained and now recalls that he learned of the option earlier, during the FHLBB examination of MGSL in 1986.

He stated that he either had the option or an examiner brought the option to him. He recalled that there was a discussion wherein it was pointed out to him that the property description was of the wrong property. DENTON said that he had the first two pages of the option retyped, and that MGSL President JOHN LATHAM and WARD initialled the newly replaced pages. DENTON could not recall who typed the two pages for him, but said that JANIE BABCOCK was the secretary that worked with him at that time.

DENTON said that on the copy of the option with the wrong description on it that he had maintained, he had written "Examiners" at the top right corner. He did not recall whether that meant he provided it to, or received it from, the examiners, but that the examiners were involved in some manner.

DENTON was shown a copy of the option with the wrong property description that contained a note dated May 7, 1986. The note, by an examiner, indicated that the examiner had discussed the option with DENTON and had been told that it was the wrong description. DENTON also reportedly told the examiner that it should be the Holman Acres property on the option.

DENTON said that he had no recollection of the discussion with the examiner, and said that from the note it appeared to him that he had pointed the property description error out to the examiner.

DENTON said that he believes that he was initially given the option by either SETH WARD or HILLARY RODHAM CLINTON of the ROSE LAW FIRM. He recalled only that he received it prior to July 14, 1986. He could recall no other specific details.

DENTON said that he believed that the option served two purposes; to create paperwork within the institution indicating that there was an intention to purchase the property, and to establish the value of the property

FOR AGENCY USE ONLY

FILE NUMBER	DATE TRANSCRIBED	
WA-94-0016	June 13, 1986	PAGE 1 OF 6

AGENTS SIGNATURE(S)
[redacted]

CONTINUATION SHEET		PAGE 2 OF 6
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 11, 1986	WA-94-0016

collateralizing WARD loan #4027. DENTON speculated that another possible reason for the option was that as conditions at MGSL deteriorated, WARD and whoever was advising him became concerned about WARD's protection from repaying loan #4027, and that the option was another level of protection.

DENTON said that he had no specific knowledge, but believed that at one time there was going to be a put option concerning the same property. He described a put option as one in which MFC would have been required to purchase the property. He could provide no additional information.

Concerning the Ward loan #4027 of March 31, 1986, DENTON said that after the Ward loan #2962 that purchased the IDC property was paid off on February 28, 1986, WARD began to demand of JOHN LATHAM and JAMES MCDOUGAL that he be paid his commissions that were due from the sale of IDC property. DENTON said that he understood that MGSL did not have the money to pay the commissions, and that either LATHAM or MCDOUGAL suggested that WARD be loaned $400,000. He said that he understood that the $400,000 represented $300,000 in commissions, $70,000 to repay the outstanding balance on a loan (#3359) that had been made to WARD on February 25, 1986 to pay the deficiency on loan #2962 after proceeds from IDC property sales had been applied to it, and $30,000 for interest on the notes.

DENTON was asked how he was aware of that agreement and he said that he may have learned it from the WARD trial, but believed that WARD, and possibly others, had told him as well.

DENTON said that it was then agreed, he believed between WARD and LATHAM, that MFC would borrow $400,000 from WARD, and that a note was executed, he believed, on March 31, 1986. He said that he believed that simultaneously or shortly thereafter, $100,000 was received from the WILSON Company for payment on WARD's loan #4027. DENTON said the payment was the return of money that WARD had previously given to ROBERT WILSON to participate in a loan in which WARD later decided to not participate. DENTON said that it was then decided that the $400,000 note would be replaced by a $300,000 note and a $70,000 note. Those two notes were dated April 7, 1986.

DENTON said that he prepared the loans to and from WARD based on instructions from LATHAM.

DENTON said that since the earlier interview, he had recalled that he did have a conversation with CLINTON concerning WARD loans at MGSL. DENTON said that on April 7, 1986 he received a telephone message from "Sandra" of "Hillary Clinton's Office", telephone number 375-9131. The message requested that he return the call.

DENTON said that either that day or the following day, he telephoned, from MGSL, 501-374-7777, the number that had been on the message from CLINTON and it was answered by SANDRA. DENTON does not know who SANDRA is. He said he identified himself and was immediately placed through to CLINTON. DENTON said that he could not recall all of the specifics of the conversation, but did recall that the issue of the $400,000 loan to WARD, #4027, and the $400,000 loan from WARD to MFC notes was discussed. He had a vague recollection from the conversation that CLINTON was preparing the note for the $400,000 from WARD to MFC. DENTON said that he told CLINTON that the note had already been prepared and executed. He said that CLINTON then asked him to send her a copy of the note, or both notes, for her review.

DENTON said that it was possible that the WARD loan(s) to MFC that he and CLINTON discussed were the $300,000 and $70,000 notes that were made after the $400,000 note was replaced, but was not sure.

CONTINUATION SHEET		PAGE 3 OF 6
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 11, 1986	WA-94-0016

DENTON recalled that during the conversation, he told CLINTON that there could be a problem with the notes as they constituted in effect a parent entity fulfilling the obligation of a subsidiary. He said that his caution was "summarily dismissed" by CLINTON in a manner which he took to mean that he was to take care of savings and loan matters, and she would take care of legal matters. He said that he also expressed the same concern to WARD shortly after.

DENTON said that he sent CLINTON a copy of the note(s) through an individual named HENRY, last name unknown, who worked at MGSL and sometimes acted as a courier.

DENTON was asked if he knew why CLINTON called him on this matter. He said that he did not, but that he was "reasonably confident" that she was acting on WEBB HUBBELL's behalf. He said that he thought it would have been inappropriate for HUBBELL to represent WARD since WARD was HUBBELL's father-in-law. He was asked why he thought that CLINTON may have acted on HUBBELL's behalf and he said that he did not know. DENTON was asked if he was ever advised by WARD or HUBBELL that CLINTON was an alternate contact at ROSE for WARD matters. He said that he did not believe so. DENTON said that with the exception of the BABCOCK loan matters, he recalled no other contact with CLINTON on any matter involving MGSL. He said that when he first received the telephone message, he may have thought it was in reference to the BABCOCK matter.

DENTON was asked if he was aware whether CLINTON was representing WARD or MGSL/MFC when she contacted him concerning the WARD loans. He said "Looks to me like she was representing both."

DENTON was asked if he had ever dealt with HUBBELL on the matter of the offset loans. He declined to answer. When questioned about SANDRA, he said that the only secretary he knew at ROSE was HUBBELL's secretary, MARTHA WILLIAMSON, that he had come to know because she was present on occasions when DENTON went to HUBBELL's office with WARD. He was asked whether any of his visits to HUBBELL's office concerned any matter related to MGSL. He said that he was sure that there were some. He was asked if any of those visits concerned WARD and MGSL and he declined to answer.

DENTON was questioned concerning the fact that the page of notes that were apparently behind the telephone message appear to have been related to the BABCOCK participation loan that he had previously advised that he worked on with CLINTON. He stated that it may have been that he anticipated that the call from CLINTON was to concern the BABCOCK matter, but that was not what the conversation was about. He said that he believed that he only spoke to CLINTON concerning the WARD loans on this one occasion.

DENTON was questioned concerning his recollection of this phone call at this time. He said that after the earlier interview, he reviewed a copy of the ROSE LAW FIRM billing records that he had obtained from the media. He said that after confirming to himself that there was a bill by CLINTON for a discussion with him concerning IDC on April 7, 1986, he gave the matter thought and also reviewed the documents that he had retained.

He said that when he reviewed the documents, he found a copy of the March 31, 1986 note from WARD to MFC that had handwriting on it, dating April 7, 1986, indicating that the note was replaced by a $300,000 and $70,943 note. He also reviewed two notes dated April 7, 1986 for those amounts that he had left handwritten messages on that said "Replacement notes - 5-5-86 (the $300,000 note), and "Copies of new note - Signed 5-5-86" (the $70,943 note).

CONTINUATION SHEET		PAGE 4 OF 6
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 11, 1986	WA-94-0016

He said that he noted that the May 5, 1986 dates match the date of the option for WARD property at 27 & 28 Holman Acres, the property that secured loan #4027.

DENTON said that, after reviewing these documents and giving the matter some thought, he recalled the telephone call with CLINTON. DENTON could not recall where he obtained the copies of the replacement notes or who or when they were prepared

DENTON was asked if he was the loan officer on the WARD loans. He responded that "Yes, whatever that means. I initialed them, they were assigned to me". He said that every loan had to have a supervising officer, and he believed he assigned the notes to himself.

DENTON recalled that he had introduced WARD to MCDOUGAL, and that within a few days WARD was working at the institution, in what DENTON thought was a public relations capacity, but that WARD interpreted as evaluating commercial loans and deals. He said that WARD subsequently negotiated the IDC purchase.

DENTON was asked if he knew how the manner in which the purchase of the IDC property was agreed to. He said that it was explained to him by LATHAM and MCDOUGAL that the purchase was too big for MGSL to purchase at the time that the deal was made because of a limitation on investments by MGSL in a subsidiary. He said he had been aware of some limitation, but knew no specifics.

DENTON was shown a copy of examiners notes dated April 30, 1986 that indicated that the examiner had been told by LATHAM that an Arkansas regulation limiting direct investments in service corporations was in effect, but had been waived. He said he had no knowledge of a waiver or of LATHAM claiming that MGSL had one.

DENTON said that he had believed that the IDC purchase, which came to be referred to as CASTLE GRANDE within a few months, had the potential to be a successful development. He said that it had the advantage over the earlier MAPLE CREEK development of having an infrastructure in place, and that he thought that MCDOUGAL had the resources to make it work.

DENTON said that it was his understanding that WARD was acting as a "nominee" purchaser in the acquisition of the IDC property, acting on behalf of the institution and carrying the property at no risk. He was asked what he meant by a nominee purchaser and said that he considered it a person who was a non-recourse buyer that stood to gain by selling the purchase back to the institution.

DENTON was asked about the consummation of the IDC sale to MFC and WARD. He said that he might have known that the purchase was to be divided between MFC and WARD, but that he recalled that, up until or shortly before the closing, he believed that MFC was making the entire purchase. He said that he believed that he took a single draft to the closing to pay for the property. DENTON said that, had he known earlier that WARD was making part of the purchase, he would have taken a check in WARD's name to the closing. He said that the transaction was booked by a debit to cash arrangement and that it was a week or ten days before Loan #2962 was made to WARD for his portion of the purchase.

DENTON said that he was sure that he prepared the note that was loan #2962. He said that he was supplied the language on the note. He was asked who supplied him the language and said "I decline to answer."

DENTON was shown an Assignment dated September 13, 1985 by which MFC assigned the right to purchase

CONTINUATION SHEET		PAGE 5 OF 6
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 11, 1986	WA-94-0016

the property north of 145th Street and the sewer and water assets to WARD. DENTON said that he believed, but could not say, that the assignment was backdated.

DENTON said that he was aware at some point after the loan #2962 was made that there was an undocumented understanding that the proceeds of sales of WARD owned property were to be applied against the note. He said that he also came to understand at a later date that WARD was to receive commissions on the sale of IDC property.

DENTON was questioned about the payoff of loan #2962 to WARD. He said that he believed that the purchase was "MADISON's deal" and that it was to their benefit to get the investment off of the books as soon as possible.

He was asked if he knew why the transactions that financed a large part of the loan #2962 payoff, the CASTLE SEWER AND WATER and FULBRIGHT purchases, were done on February 28, 1986. He said that "I'm sure it was the urgency of the examiners", and said that he was told so by LATHAM. He said that he was told that he was to get ready for a rash of transactions, involving DEAN PAUL, FULBRIGHT, and CASTLE SEWER AND WATER on February 28, 1986.

DENTON was asked if he was told that an examination was to commence after February 28, 1986. He said that when he was told to get transactions closed, he did not need to be told that an examination was to commence.

DENTON was asked why a loan (#3359) was made to cover the approximately $70,000 deficiency that was left on the loan after the application of the CASTLE SEWER AND WATER and FULBRIGHT proceeds, as opposed to applying some other source of funds. He said that they "..did, a piece of paper, Poof."

DENTON was shown a copy of a page of notes made by FHLBB Chief Examiner JAMES CLARK during the 1986 examination. Paragraph 2 of the notes concern information CLARK received from a person(s) at MGSL/MFC concerning the option. The notes indicate that CLARK was told that MFC had committed to purchase property from WARD (by description the 22.5 acre parcel at Holman Acres), but that WARD had another buyer and would not consummate the sale because of tax considerations. The note indicated that an option was to be prepared to replace a note. The notes also indicated that a loan to WARD was unconnected to the option. It also indicated that a $400,000 loan to WARD had been canceled, and that two notes totalling $370,000 had been executed to guarantee the purchase of the real estate. It further indicated that no cash had changed hands on the note. CLARK's notes indicate that he requested a copy of the option when it was done.

Another note at the bottom of the page, made by FHLBB examiner DARLENE FORD, indicated that on April 29, 1986, she had spoken to DENTON and was told that the option was not yet prepared, but that he would provide a copy when it was available. DENTON also reportedly indicated that the notes would never be funded.

DENTON said that he was certain that the information reported by CLARK did not come from him. He said that, contrary to the notes, there was no deed involved in the option transaction. He also said that he did not recall any tax issues in the matter. He said that he believed that a statement about the tax issues would have come from WARD, LATHAM, or GREG YOUNG.

CONTINUATION SHEET		PAGE 6 OF 6
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 11, 1986	WA-94-0016

DENTON said that he did not recall ever discussing the option with CLARK. He said that he recalled discussing only one matter with CLARK, and that matter involved mobile homes supplied to the CASTLE GRANDE development by CASTLE INDUSTRIES.

DENTON said that he had no specific recollection of the information reported in the FORD notes. He was asked if it was possible that he had provided the information in the notes to someone else who then passed it off to the examiners. He said it was possible, but that he did not believe so because the information was incorrect.

DENTON said he had never attempted to conceal documents from the examiners. He said that he had no knowledge of documents being discovered in a desk drawer by examiners.

Concerning the reported delivery of the option and signed and unsigned copies of the September 24, 1986 WARD/MCDOUGAL agreement on the purchase of CASTLE GRANDE being delivered to him on July 11, 1986, DENTON said that he was sure that it was the unsigned copy of the letter that he received first, and believed that he received a signed version later that day. Among the documents provided by DENTON was an unsigned copy of the agreement that he had marked as received as received on July 14, 1986 from "Seth." Another document provided by DENTON was a July 14, 1986 memorandum to LATHAM concerning his understanding of the commissions and notes to and from WARD.

Beyond those agreements between WARD and MGSL/MFC discussed, DENTON said he was aware of no others.

DENTON said that he had no knowledge that the delivery to him of the documents on July 14, 1986 had any connection to the resignation of the ROSE law firm from MGSL matters on July 14, 1986. He said that he had not known of the retainer agreement at that time.

DENTON was asked whether he was aware of any work that the EDWARD G. SMITH & ASSOCIATES engineering firm did on the CASTLE GRANDE project. He said that he believed that the firm did some work on the CASTLE SEWER AND WATER project.

letter, as required by the Right to Financial Privacy Act, 12 U.S.C. § 3412(f):

> The information pertaining to this matter may have been derived from the financial records of customers of federally insured financial institutions. I hereby certify that (A) there is reason to believe that these records may be relevant to a violation of a federal criminal law, and (B) the records were obtained in the exercise of RTC's supervisory or regulatory functions.

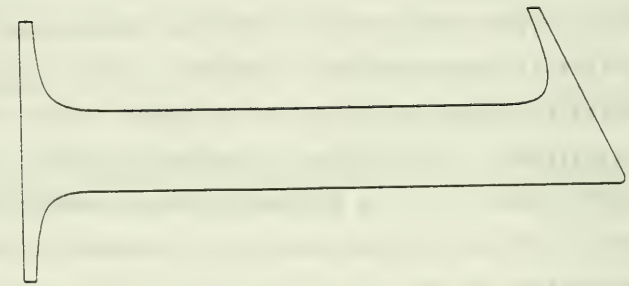
Referrals for money laundering and other financial crimes may also be made in this manner to components of the Treasury Department (e.g., the Secret Service). In cases of referrals to other federal agencies, the Legal Division Criminal Coordinator should be consulted to ensure compliance with the other requirements of the Right to Financial Privacy Act.

Copies of significant criminal referrals should also be sent to the Office of Investigations, Washington, D.C. Significant referrals are those which qualify to become "major" cases under DOJ guidelines: (1) Loss due to apparent criminal conduct is $100,000 or more; (2) The apparent criminal conduct involves a director, officer, professional (e.g., attorney or accountant), or shareholder of the institution; or (3) Other compelling reasons (e.g., the apparent misconduct is part of a pattern or practice involving other financial institutions or the scheme or

Alan Carow

1/19/93 Jerry M. Dowell

- a fax a day is enough when we heard what SBA did - we tried to undo the damage.
- I've got to believe the GA Council has done an incredibly stupid thing.
- Who kind of independent
- 16.
- in the news to follow



TTK-0000015

S 020567

Whitewater Mtó - Summary

Defense No substantive diff in rid counsel vs. prosecutor

Y Appt outside - as counsel or prosecutor subject to no control & come in w desire to get someone.

Even if a goodhearted Nussbaum would worry how he gets back to NYC & don't indict anyone.

Y will have a 3-4 yr investigation. Lives will be under a microscope

After 3yrs - goodhearted Nussbaum will have written 400 page report

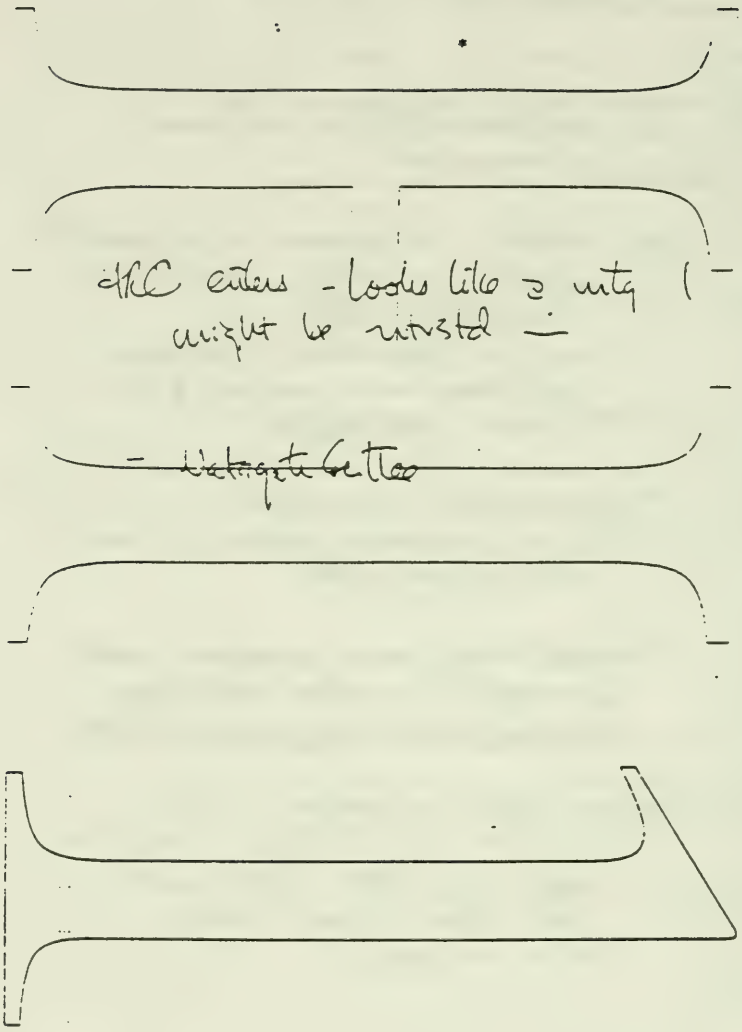
Badhearted guy goes in & decides a swell of conspiracy & can shoot some things & those people close around principal.

Instances when it has worked:

Billy Carter - Paul Curran (a dist Pennsylvania) appt'd for 6-9mos. Wrote report, didn't expand & went home.

He's a rare guy

S 020566


dKC enters - looks like = mtg
might be invited —
- Watergate Settlers

MEMORANDUM

TO: Whitewater group

FROM: Harold Ickes

DATE: 10 January 1994

RE: Assignments

---

1. Talking points (counsel/MW)

2. Q&A (counsel/BL/MW, 1/5[1])

3. 2-3 page argument why no special counsel (counsel, MW)

4. History of special counsels/independent counsels (counsel, 1/6)

5. "Chronology" (counsel, BL, MW)

6. Op ed piece (counsel, BL, MW 1/8)

7. Congressional op ed piece (counsel, BL, MW

8. Response to Safire piece (counsel, BL, MW 1/8) DONE

9. Memo on independent counsel statute (counsel 1/8[1])

10. Synopsis of Whitewater/Madison Guaranty matter (counsel, BL, MW, 1/7)

11. Memo re statute of limitations for civil actions (counsel - assigned 1/8[2])

12. Review, on daily basis, all articles from major newspapers and statements made on major electronic media re Whitewater and prepare memo to be promptly circulated to the group regarding inaccuracies, etc. (counsel, BL, MW)

13. Contact select members of Congress about public support (PG)

---

[1] These dates refer to the date of the draft document.

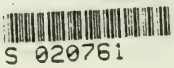
[2] Indicates date the assignment was made.

S 020760

14. Research issue of whether then Governor Clinton used political or other pressure to see that Madison Guaranty be given special consideration (counsel, SL, PB, MW - assigned 1/7)

15. Reference in 1/8 press that Chris Wade, Arkansas realtor has document re Whitewater, but won't release ~~unless President Clinton asks for them~~ to be released (MW - assigned 1/8)

16. Memo re failure to take deduction on tax return for Whitewater losses (MW - assigned 1/8)



S 020576

JG HRC Reaves = 2 hrs
& to Europe

Get in a group of attys to discuss
~~Spel/Iva Rose~~

~~Get dropped kicking in to it for HRos~~

Reach agr on SOL - can be used as our friend for agr on Spel Counsel

All agree (but BN) that Reno is boxed once Inc C starts

HH ~~Spel Counsel - 2 main points (1) HRC adamantly opposed; (2) Reno has shut the door; (3) if we ask, it looks like we have ducked.~~

Boxes going to some prosecutorial authority anyway

BN ~~Don't want to write, Peters can't~~ Hearings to Fisch or Carl

HH - Mtg of attys outside of WH

Gen. Bassett - is so exciting up.
If we exch. this up, we're done
Let's not talk it to death - let's just get it done

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

1993 FEB -1 P 3:35

OFFICE OF LEGAL COUNSEL

January 27, 1993

Ms. Donna Hennesan
Office of Legal Counsel
Executive Office for U.S. Attorneys
Main Justice Building
Washington, D.C. 20530

Re: RTC Referral C0004

Dear Ms. Hennesan:

This is a follow-up to my letter of October 16, 1992, which I believe was previously sent to you. If not, a copy is enclosed.

RTC officials have again contacted this office following an FOIA request upon them by some member of the Little Rock media.

RTC's contact with us was to determine the position of this office regarding their response to the FOIA request. Specifically, RTC wanted to know if a production of referral documents would affect our investigation.

The purpose of this letter is to clarify any possible confusion.

First, we have no investigation ongoing. Second, we have informed RTC of this and further suggested they should follow the appropriate FOIA law in responding to the request. I believe this RTC inquiry makes it appropriate for me to advise you as to the present status of the above referral.

Our position as related in the enclosed letter of October 16 is self-explanatory. As previously indicated, it seems prudent that a limited preliminary investigation of allegations pertinent to Mr. and Mrs. McDougal and Ms. Anspaugh should be considered. The taking of 302's from these individuals should determine whether there is merit to substantiate further investigation.

I believe this office has a conflict of interest in conducting an investigation or presenting an indictment against these individuals. Previous prosecution of Mr. McDougal and two other defendants resulted in a not guilty verdict. Several allegations suggesting political prosecutions were made during the trial. These were patently false but a second investigation/prosecution could easily give the appearance of inappropriate motivation by this office.

I would appreciate and expect that any decision of investigation, indictment, prosecution or declination be the responsibility of the Department of Justice. I have resigned my position as United States Attorney effective March 1, 1993, and am separating service with the Department of Justice that date. I will be happy to transfer the RTC workpapers or make them available for your review.

Best Regards,

Charles A. Banks

CHARLES A. BANKS
United States Attorney

CB/bw

Memorandum

To : SAC, LITTLE ROCK (86A-LR-34847) Date 10/1/93

From : SSA STEVEN D. IRONS

Subject: THOMAS W. ANDERSON;
ETAL
FAG-SBA
OO: LITTLE ROCK

On 9/24/93, a meeting was held to discuss captioned matter at the United States Attorney's Office (USAO), Eastern District of Arkansas (EDAR). Present from the USAO were United States Attorney (USA) PAULA CASEY, Assistant United States Attorney (AUSA) MICHAEL JOHNSON, Chief of the Criminal Section, and AUSA FLETCHER JACKSON. Present from the Bureau were ASAC WHITEHEAD, SA REIGN, FA HALL, and writer.

The meeting was held to accomplish two objectives. The USA wanted to determine if she would have to recuse herself from the matter due to her close friendship with JIM GUY TUCKER, SETH WARD, and STEPHEN SMITH. The Bureau wanted to voice its objection to the manner in which AUSA JACKSON was limiting its investigative efforts, conducting investigation on his own, and to press for all documents of Madison Guaranty Savings and Loan (MGSL) to be obtained from the Resolution Trust Corporation (RTC).

After hearing the estimation of both writer and AUSA JACKSON on the involvement of TUCKER, WARD, and SMITH, USA CASEY advised she would have to recuse herself and only had to decide the best time to do so. She referenced claims made by subject DAVID HALE in media outlets that she was being unfair due to her political or other affiliations. While she resented those accusations and realized recusing herself might be misinterpreted by some as giving merit to HALE's accusations, CASEY felt she must not hear any details concerning the above individuals. However, she saw no immediate need to publicly advise of her recusal and preferred to wait until a more opportune time from a public relations standpoint. AUSA JOHNSON also discussed the possibility the Department of Justice would take all or part of the case due to the mention of BILL CLINTON by HALE.

SDI/sdi
(2)

FBI-00001545

RTC

RESOLUTION TRUST CORPORATION

Resolving The Crisis
Restoring The Confidence

October 13, 1993

Ms. Donna Henneman, Ethics Program Manager
Executive Office for U. S. Attorneys
Department Of Justice, Room 1643
10th & Pennsylvania, N. W.
Washington, D. C. 20530

RE: Madison Guaranty Savings & Loan, Little Rock, Arkansas
Criminal Referrals submitted by the Resolution Trust Corporation

Dear Donna:

On the basis of our recent conversation, and per your request to receive copies of the transmittal letters and a summary of the above captioned individual referrals, enclosed is the information pursuant that request. There are a total of nine (9) criminal referrals that were submitted to the U.S. Attorney in the Eastern District of Arkansas, as well as the Federal Bureau of Investigation, Little Rock, on October 8, 1993. For your ease of reference, the referrals are enumerated as follows:

Referral # 730CR0190
Referral # 730CR0192
Referral # 730CR0195
Referral # 730CR0196
Referral # 730CR0198
Referral # 730CR0199
Referral # 730CR0203
Referral # 730CR0210
Referral # 730CR0211

Attached to each copy of the transmittal letter for each referral, is the actual summary section as contained within the body of the referral as it was submitted to the U.S. Attorney. It is my understanding that you will obtain copies of the complete referrals from the U.S. Attorney's office in the Eastern District of Arkansas, if necessary.

If you have any questions or require additional information regarding the foregoing, please do not hesitate to contact me at (816) 968-7237, or if I am unavailable, Supervisory Investigator Lee Ausen at (816) 968-7243, or L. Richard Iorio, Field Investigations Office at (816) 968-7212.

Very truly yours,

L. Jean Lewis
Senior Criminal Investigator
Kansas City Office of Investigations

cc: L. Richard Iorio/Field Investigations Officer/KCO
Lee Ausen/Supervisory Investigator/Criminal Investigations/KCO

4900 Main Street, Suite 200, Kansas City, Missouri 64112, (816)531-2212

011277

RPTS BLAZEJEWSKI

DCMN GALLACHER

COMMITTEE ON BANKING AND FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

In the matter of:	
MADISON GUARANTY SAVINGS & LOAN	DEPOSITION OF PAULA CASEY

Thursday, September 28, 1995

Washington, D.C.

The deposition in the above matter was held in Room 714, O'Neill House Office Building, commencing at 10:10 a.m.

investigators which would warrant the initiation of a criminal investigation.

Do you recall what you did to review the referral?

A I am sure I looked at the Mark MacDougall memo and the cover memo from Jack Keeney, that had been written by Jack Keeney.

Q Do you think that or do you recall actually going back and looking at the exhibits that accompanied the referral?

A No. The exhibits that accompanied the referral were not in my office, I don't believe.

Q How long would you say you took to complete your review?

A I have no recollection.

Q After reading the documents from the Department of Justice, did you discuss them with anyone in your office?

A With Michael Johnson I am sure.

Q I am handing you now a copy of Mr. Keeney's memo that you just referred to as well as a copy of Mr. MacDougall's memorandum. I don't know where the difficulty with the copying Bates stamp numbers comes in so I will identify this document as a March 19 memorandum to Douglas Frazier from John Keeney on top of what is called a Department of Justice executive secretariat control data sheet with a Bates stamp number of 006677 and a five-page document

U.S. Department of Justice

Office of the Associate Attorney General

The Associate Attorney General

Washington, D.C. 20530

November 1, 1993

MEMORANDUM FOR THE ATTORNEY GENERAL
DEPUTY ATTORNEY GENERAL
ACTING ASSISTANT ATTORNEY GENERAL
FOR CRIMINAL DIVISION

FROM: Webb Hubbell

SUBJECT: Recusal

This memorandum will confirm prior discussions I had with Irv Nathan regarding any pending matter dealing with Madison Guaranty Savings and Loan or Mr. & Mrs. James McDougal. I am recusing myself from any matter regarding them.

Upon further thought and consultation with David Margolis, I believe that the Office of the Associate Attorney General should be recused on any of these matters, and I will instruct my staff that we are all recused; even though it is very unlikely that any of them would be contacted or consulted.

cc: Irv Nathan
Jo Ann Harris

TEAM 000917

016843

Rec'd By: GEMCD

THE WHITE HOUSE

WASHINGTON

January 29, 1996

BY HAND DELIVERY

Robert J. Giuffra, Jr., Chief Counsel
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Dear Bob:

I am transmitting with this letter additional White House records (Bates Nos. S 020292 - S 020320, S 020391 - S 020416) responsive to the subpoena received by the White House from the Committee on October 31, 1995. Documents S 020292 - S 020310 are handwritten notes of Mark Gearan.

Pursuant to the Committee's Security Procedures, we request that these documents be treated as "Highly Confidential." We would appreciate the opportunity to discuss with the Committee the basis for our request in the event the Chairman and Ranking Member consider redesignating any of this material.

Please feel free to call me if you have any questions.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

cc: Lance Cole
Democratic Deputy Special Counsel

THE WHITE HOUSE

WASHINGTON

February 20, 1996

By Hand Delivery

The Hon. Alfonse M. D'Amato, Chairman
The Hon. Paul S. Sarbanes, Ranking Member
United States Senate
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
534 Dirksen Building
Washington, D.C. 20510-6075

Gentlemen:

On February 15, 1996, the Committee requested all notes that may have been kept by Deputy Chief of Staff Harold Ickes of Whitewater response group meetings that he ran in early 1994. Other than the memoranda titled "Assignments" (S 020819-20 and S 020888-89), Mr. Ickes did not retain notes that he may have taken at these meetings.

In the course of searching for this material, however, over the weekend we located additional documents responsive to the Committee's October 30, 1995 subpoena. This material is enclosed and identified as Bates S 020789-903. Two of the documents among this material had been provided by Mr. Ickes to the Counsel's Office in March of 1994. Unfortunately, in the course of our review, we mistakenly overlooked them. (S 020789-794.)

As to the remainder of the material produced today, all from the early 1994 period, Mr. Ickes was under the mistaken belief that this material had been provided to the Counsel's Office and his private counsel in March of 1994. As a result, this material was not identified by Mr. Ickes in response to this Committee's October 1995 subpoena.

We regret that we failed to identify this material sooner. In order to be able to assure ourselves and the Committee that there has been no other oversight, we have undertaken to verify that all relevant documents provided to the Counsel's Office by White House staff beginning in March 1994 have been reviewed and produced to this Committee if responsive. Further, we are confirming that White House files of certain former White House officials have been reviewed. We are working

to complete this verification quickly and, in the event we identify any other documents, we will provide them to the Committee promptly.

Among the documents produced today are two lists of material maintained by Mr. Ickes (S 020849-850 and S 020899-900). Most of the material referenced on these lists already has been produced to the Committee. We have included with this production the few items on the lists that are responsive and are not identical to documents that have already been provided. We believe the remainder of the material is not responsive to the Committee's subpoena. However, if you have any questions about the redactions or the material that we determined is not responsive, I am willing to review that material with you or your staff at your convenience.

Finally, Document S 020817-818 contains a notation in the President's handwriting, which we have redacted. The notation reads: "Mack GS Gergen Gearan Ickes BL - I wish he were here all the time!" As we have done previously, we are happy to show you or your staff an unredacted copy.

Pursuant to the Committee's Security Procedures, we request that all of these documents be treated as "Highly Confidential." We would appreciate the opportunity to discuss with the Committee the basis for our request in the event the Chairman and Ranking Member consider redesignating any of this material.

Please feel free to call me if you have any questions.

Sincerely yours,

Jane C. Sherburne
Special Counsel to the President

Enclosures

HOGAN & HARTSON

COLUMBIA SQUARE
555 THIRTEENTH STREET NW
WASHINGTON DC 20004-1109
(202) 637-5600

BRUSSELS
LONDON
PRAGUE
WARSAW
BALTIMORE, MD
BETHESDA, MD
McLEAN, VA

ALLEN R. SNYDER
PARTNER
DIRECT DIAL (202) 637-5747

March 1, 1996

BY TELECOPIER

Robert J. Guiffra, Jr.
Chief Counsel
United States Senate Committee
on Banking, Housing and Urban Affairs
Washington, DC 20510-6075

Re: Document Production of Bruce R. Lindsey

Dear Bob:

This letter is to supplement this firm's letters to you of October 24, 1995 and November 2, 1995 regarding your document request to our client, Bruce R. Lindsey.

Following a recent Senate Committee hearing in which questions were raised as to whether a January 10, 1994 memorandum from Harold Ickes was copied to other White House officials and whether they had produced their copies of such document in response to the Committee's request, Mr. Lindsey and this firm undertook a review of all our prior document productions. With respect to the January 10, 1994 memorandum from Mr. Ickes, we found that an identical copy of the document produced to the Committee by Mr. Ickes was in Mr. Lindsey's White House files and had been produced by Mr. Lindsey to the White House Counsel's office in January 1995 for review with regard to executive privilege and other issues.

In the course of this review we have identified two other documents in our files which inadvertently were not produced to you or the White House Counsel's office earlier and which are attached. First, while Mr. Lindsey previously informed your committee that he did not recall taking any notes at a November 5, 1993 meeting with David Kendall and other counsel for the President, our recent review has located some very brief handwritten notes, set forth as Attachment A hereto, which Mr. Lindsey did write at that meeting but did not previously recall.

As you will see, these brief notes are completely consistent with the testimony of Mr. Lindsey and others, and the Kennedy notes of the same meeting presented to your Committee about that meeting.

In addition, the document set forth as Attachment B hereto was also just discovered by us and we understand represents Mr. Lindsey's handwritten notes of conversations with Bill Kennedy and Jim Lyons in the fall of 1993, which were precipitated by a press inquiry. The first seven lines of these notes reflect what Mr. Kennedy informed Mr. Lindsey that Mr. Randy Coleman had said to Mr. Kennedy in a telephone conversation. The next two lines reflect discussion between Mr. Kennedy and Mr. Lindsey. The last four lines relate to a separate telephone conversation between Mr. Lindsey and Mr. Lyons. Again, I understand your committee has heard testimony regarding what Mr. Coleman asserted to Mr. Kennedy, and these recently discovered notes are completely consistent with that prior testimony. We do, however, regret that the attached documents were not identified and produced to your Committee earlier. Mr. Lindsey would, of course, be prepared to respond to any questions you may have about these matters.

We have not produced, of course, attorney-client privileged documents reflecting either Mr. Lindsey's communications with this firm, or his attorney-client privileged communications with private counsel for the president.

Sincerely yours,

Allen R. Snyder

cc: Lance Cole, Esquire
Democratic Deputy Special Counsel

Jane Sherburne, Esquire

ARS/lsw
Enclosures

THE WHITE HOUSE

WASHINGTON

January 17, 1994

MEMORANDUM FOR HAROLD ICKES
DEPUTY CHIEF OF STAFF

FROM: W. NEIL EGGLESTON
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: STATUTE OF LIMITATIONS IN ACTIONS BROUGHT BY THE CONSERVATOR OF A FINANCIAL INSTITUTION

There has been substantial discussion by Republican Members of Congress about the statute of limitations to recover against those who may have committed a tort or breach of contract involving a financial institution that has since been taken over by the Resolution Trust Corporation ("RTC").

Title 12, United States Code, Section 1441a, was amended by the Resolution Trust Corporation Completion Act, signed by the President on December 17, 1993. (A copy of the pertinent section of the amendment is attached.)

That Act extended the statute of limitations from three to five years for torts committed against financial institutions that have been taken over by the RTC. Thus, the RTC must bring a tort claim within five years after it was appointed a conservator or receiver.

For the purpose of the extension of the statute of limitations, the Act defines a tort claim as "a claim arising from fraud, intentional misconduct resulting in unjust enrichment, or intentional misconduct resulting in substantial loss to the institution." (This definition is narrower than the traditional definition of a tort.)

The statute of limitations for breach of contract claims is six years after the institution was taken over by the RTC. 12 U.S.C. Sec. 1821(d)(14)(A)(i)(I).

S 009908

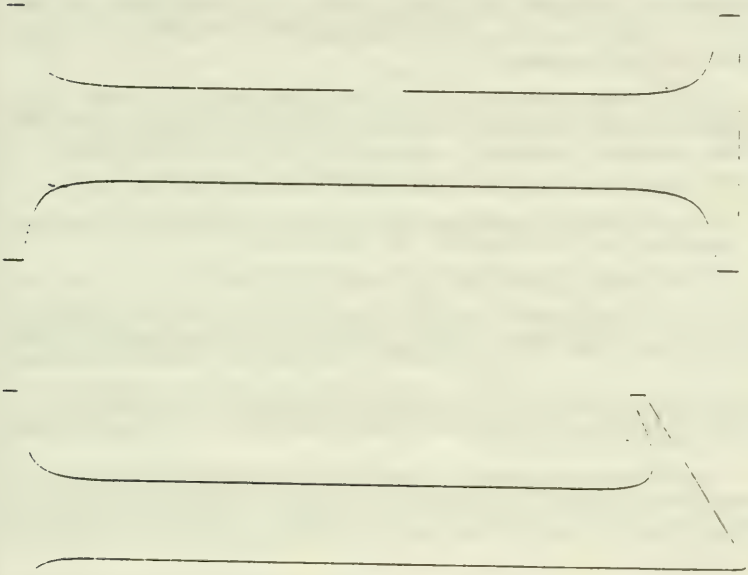
Madison Guaranty was taken over by the federal government on or about March 2, 1989. As a result of the new Act, if the RTC sues on a covered tort claim, the action must be brought by March 2, 1994. Without the new Act, the statute of limitations for all tort claims would have expired on March 2, 1992. If the RTC sues on a contract claim, the action must be brought by March 2, 1995.

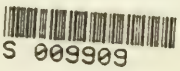
The type of action brought against outsiders in financial institution cases is usually a tort claim.

The statute of limitations for criminal violations involving a financial institution is ten years from the date the crime occurred. 18 U.S.C. Sec. 3293. The date that the institution was taken over by the government is not relevant to the computation of the criminal statute of limitations.

W.N.E.

cc: Bernard W. Nussbaum





(3) Competitive bidding.--The Administrator of General Services, in compliance with regulations of the Resolution Trust Corporation, may bid on property described in the notice required under paragraph (1) that is otherw subject to competitive bidding.

[*4] Sec. 4. EXTENSION OF STATUTE OF LIMITATIONS.

(a) In General.--Section 21A(b) of the Federal Home Loan Bank Act (12 U.S 1441a(b)) is amended by adding at the end the following new paragraph:

"(14) Extension of statute of limitations.--

"(A) Tort actions for which the prior limitation has run.--

"(i) In general.--In the case of any tort claim--

"(I) which is described in clause (ii); and

"(II) for which the applicable statute of limitations under sect 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act has expired before the date of enactment of the Resolution Trust Corporation Completion Act;

the statute of limitations which shall apply to an action brought on such claim by the Corporation in the Corporation's capacity as conservator or receiver of an institution described in paragraph (3)(A) shall be the period determined under subparagraph (C).

"(ii) Claims described.--A tort claim referred to in clause (i)(I) with respect to an institution described in paragraph (3)(A) is a claim aris from fraud, intentional misconduct resulting in unjust enrichment, or intentional misconduct resulting in substantial loss to the institution.

"(B) Tort actions for which the prior limitation has not run.--

"(i) In general.--Notwithstanding section 11(d)(14)(A) of the Fede Deposit Insurance Act, in the case of any tort claim--

"(I) which is described in clause (ii); and

"(II) for which the applicable statute of limitations under sect 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act has not expired as of date of enactment of the Resolution Trust Corporation Completion Act;

the statute of limitations which shall apply to an action brought on such claim by the Corporation in the Corporation's capacity as conservator or receiver of an institution described in paragraph (3)(A) shall be the period determined under subparagraph (C).

"(ii) Claims described.--A tort claim referred to in clause (i)(I) with respect to an institution described in paragraph (3)(A) is a claim aris from gross negligence or conduct that demonstrates a greater disregard of a of care than gross negligence, including intentional tortious conduct relati to the institution.

LEXIS·NEXIS LEXIS·NEXIS LEXIS·NEXIS
Services of Mead Data Central, Inc.
1-15-94 5:10PM
S 009910

"(C) Determination of period.--The period determined under this subparagraph for any claim to which subparagraph (A) or (B) applies shall be longer of--

"(i) the 5-year period beginning on the date the claim accrues (as determined pursuant to section 11(d)(14)(B) of the Federal Deposit Insurance Act); or

"(ii) the period applicable under State law for such claim.

"(D) Scope of application.--Subparagraphs (A) and (B) shall not apply any action which is brought after the date of the termination of the Corporat under subsection (m)(1).".

(b) Technical and Conforming Amendment.--Section 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(14)(A)(ii)) is amended by inserting "(other than a claim which is subject to section 21A(b)(14) of the Federal Home Loan Bank Act)" after "any tort claim".

[*5] Sec. 5. LIMITATION ON BONUSES AND COMPENSATION PAID BY THE RTC AND THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD.

(a) In General.--Section 21A of the Federal Home Loan Bank Act (12 U.S.C. 1441a) is amended by adding after subsection (w) (as added by section 3(a) of this Act) the following new subsection:

"(x) Limitation on Excessive Compensation and Cash Awards.--

"(1) Establishment of performance appraisal system required.--The Corporation shall be treated as an agency for purposes of sections 4302 and of title 5, United States Code.

"(2) Procedures for payment of cash awards.--

"(A) In general.--Sections 4502, 4503, and 4505a of title 5, United States Code, shall apply with respect to the Corporation.

"(B) Limitation on amount of cash awards.--For purposes of determini the amount of any performance-based cash award payable to any employee of th Corporation under section 4505a of title 5, United States Code, the amount o basic pay of the employee which may be taken into account under such section shall not exceed the amount which is equal to the annual rate of basic pay payable for level I of the Executive Schedule.

"(3) All other cash awards and bonuses prohibited.--Except as provided paragraph (2), no cash award or bonus may be made to any employee of the Corporation.

"(4) Limitations on cash awards and bonuses.--No employee shall receiv any cash award or bonus if such employee has given notice of an intent to re to take a position in the private sector before the payment of such cash awa or bonus or accepts employment in the private sector not later than 60 days after receipt of such award or bonus.

LEXIS·NEXIS LEXIS·NEXIS LEXIS·NEXIS
Services of Mead Data Central, Inc.
S 009911

13TH STORY of Level 1 printed in FULL format.

Copyright 1994 Cable News Network, Inc.
All rights reserved
CNN

SHOW: NEWS 6:06 pm ET

March 8, 1994

Transcript # 699-1

TYPE: Package

SECTION: News; Domestic

LENGTH: 795 words

HEADLINE: Clinton Appoints Cutler in Rambling News Conference

GUESTS: Pres. BILL CLINTON; LLOYD CUTLER, White House Counsel; Sen. ROBERT DOLE, (R-KS);

HIGHLIGHT:
Pres. Clinton's appointment of Lloyd Cutler at an extended news conference shows a new aggressive strategy by the president in defending himself against charges in the Whitewater scandal.

BODY:
JUDY WOODRUFF, Anchor: President Clinton turns to a White House veteran for help.

FRANK SESNO, Anchor: Can Lloyd Cutler calm the critics and answer the many questions surrounding what's known as Whitewater.

WOODRUFF: Thank you for joining us. President Clinton has made it official. Less than two hours ago, as expected, he announced that he had selected veteran Washington lawyer and political insider Lloyd Cutler, to take over the job of White House special legal counsel and, to help handle the growing controversy over the Whitewater affair. The appointment comes just three days after Bernard Nussbaum was pushed out. We get more from our Senior White House Correspondent Wolf Blitzer who joins us now. Wolf?

WOLF BLITZER, Senior White House Correspondent: Judy, early in is administration when he found himself in trouble, the president turned to Washington insider David Gergen. Today he turned to another Washington insider to help him get over the Whitewater mess.

President Clinton named veteran Washington lawyer Lloyd Cutler, his special counsel, playing down the latest disclosures of previously unreported contacts between White House officials and government regulators on the Whitewater investigation.

Pres. BILL CLINTON: Based on what we know now, and remember I asked everybody to go find out everything they could find out. Any contacts were incidental and were follow up conversations which had nothing to do with the substance of the RTC investigations.

NEWS, March 8, 1994

BLITZER: Following the forced resignation of White House counsel Bernard Nussbaum, the president reached out to the 76-year old Cutler, as part of a continuing White House damage control operation anxious to restore confidence in his presidency.

Pres. CLINTON: In short, I wanted a Lloyd Cutler kind of lawyer. So I just decided I would go to the original first and see how I could do.

LLOYD CUTLER, White House Counsel: In government as in other aspects of life, trust is the coin of the realm. And, Mr. President, I pledge myself to do what I can to assure that that trust is maintained.

BLITZER: Cutler has agreed to come into the White House for four to six months. His primary mission will be to deal with the Whitewater fall-out, including the prospect of yet more grand jury subpoenas and Congressional hearings. Independent counsel Robert Fisk, has urged Congress not to hold hearings, fearing they could undermine any criminal investigation. But Republicans are pressing ahead.

Sen. ROBERT DOLE, (R-KS): Even if putting it at risk, I think some have said the moral authority of the president may be more important than whether or not somebody is charged with criminal offense.

BLITZER: Cutler says he would recommend the White House cooperate, but Mr. Clinton continues to blast the Republicans.

Pres. CLINTON: But I do not believe that the politics of personal destruction is what the American people are interested in.

BLITZER: White House officials say they're confident the president will weather this storm, largely by cooperating with Fisk and showing the White House has nothing to hide. Judy?

WOODRUFF: Wolf, we did hear Mr. Cutler say that he would recommend, if congressional hearings were held, that the White House cooperate fully. Now, is it your understanding that the president has bought that advice?

BLITZER: Well, the president stood there and certainly did not say anything to contradict his new special counsel, so I assume that they had lengthy discussions over the weekend on these very matters and the president has bought that advice.

WOODRUFF: Wolf, what is the sense now at the White House? Is it a sense of a weight has been lifted off of their shoulders, or that they've gained time to take a deep breath, or what? What does the Cutler appointment bring?

BLITZER: I think it brings both of those two things. I sense today a lot more self confidence, a lot more willingness to go out there and fight back, not just to sit back and take it from the Republicans and others. Indeed, the president was willing to stay at that news conference for more than a half an hour and answer all sorts of questions long after, I frankly thougnt, someone was going to end it for him. But he wants to show again that he has nothing to hide. So there seems to be more resiliency here today.

WOODRUFF: It was an extraordinary exchange in more ways than one. All right, Wolf Blitzer, thanks.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it may not have been proofread against tape.

LANGUAGE: ENGLISH

LOAD-DATE: March 9, 1994

REPORT ID BILLPAY
02/12/92 08:41

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 86 TO 31 DEC 99

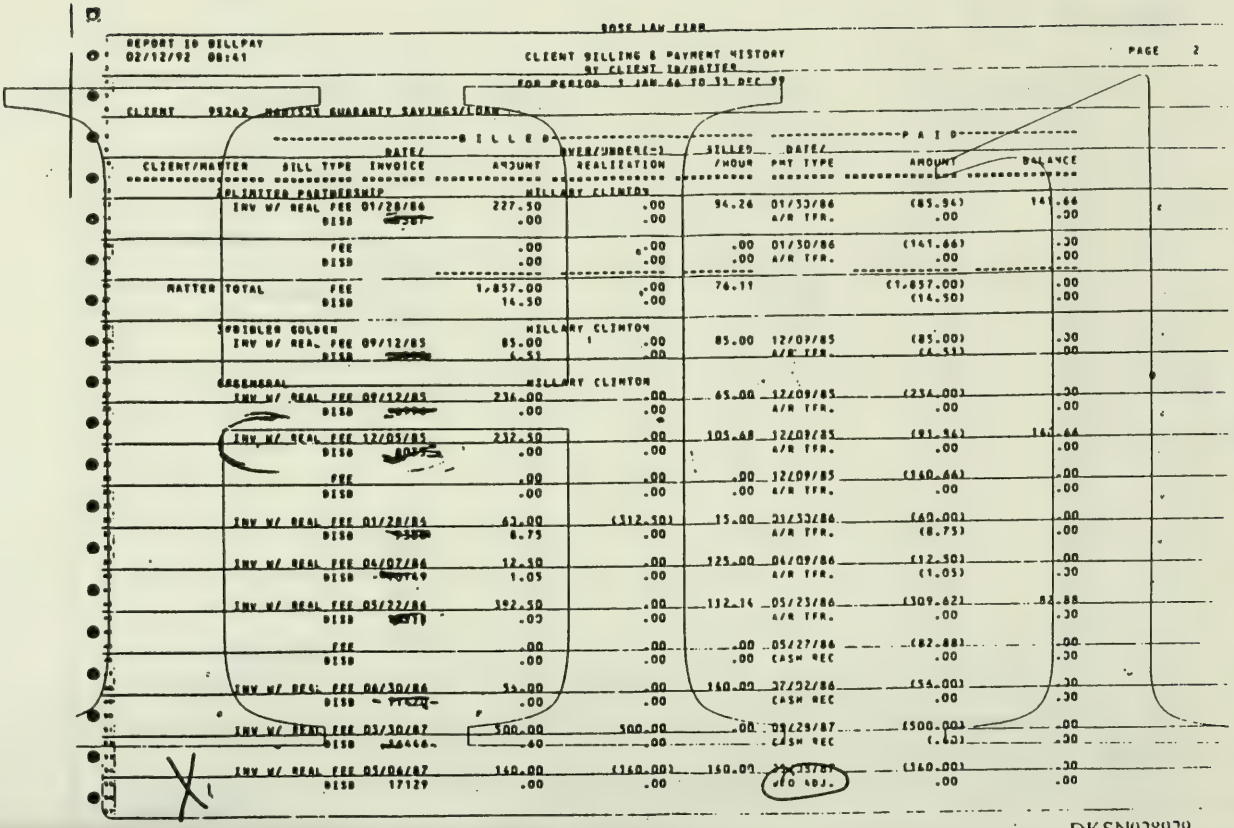
PAGE 1

CLIENT [redacted] WARNER WARRANTY SAVINGS/LOAN

CLIENT/MATTER	BILL TYPE	BILLED DATE/ INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED /HOUR	PAID DATE/ PMT TYPE	PAID AMOUNT	BALANCE
[redacted] STOCK OFFERING				HILLARY CLINTON				
	INV W/ REAL FEE	05/08/85 ✓	2,018.00	.00	76.73	05/21/85	(2,018.00)	.00
	DISB	[redacted]	.00	.00		CASH REC	.00	.00
	INV W/ REAL FEE	06/10/85 ✓	185.00	.00	88.57	06/17/85	(180.00)	.00
	DISB	[redacted]	6.20	.00		A/R TFR.	(6.20)	.00
	INV W/ REAL FEE	07/15/85 ✓	1,890.00	.00	60.38	07/24/85	(1,890.00)	.00
	DISB	[redacted]	54.00	.00		CASH REC	(54.00)	.00
	INV W/ REAL FEE	08/09/85 ✓	837.00	.00	75.41	11/19/85	(752.35)	84.65
	DISB	[redacted]	43.35	.00		A/R TFR.	(43.35)	.00
	FEE		.00	.00	.00	11/19/85	(84.65)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	09/13/85 ✓	90.00	.00	75.00	12/09/85	(90.00)	.00
	DISB	[redacted]	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	12/05/85 ✓	655.00	.00	79.88	12/09/85	(655.00)	.00
	DISB	[redacted]	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	01/28/86 ✓	1,755.00	677.50	128.10	01/30/86	(1,755.00)	.00
	DISB	[redacted]	19.50	.00		A/R TFR.	(19.50)	.00
	INV W/ REAL FEE	07/28/86	.00	.00	.00	08/05/86	.00	.00
[redacted]	DISB	[redacted]	5.59	.00		CASH REC	(5.59)	.00
	INV W/ REAL FEE	01/15/87	.00	.00	.00	01/29/87	.00	.00
	DISB	[redacted]	6.30	.00		CASH REC	(6.30)	.00
MATTER TOTAL	FEE		7,431.00	677.50	79.14		(7,431.00)	.00
	DISB		131.94	.00			(131.94)	.00
[redacted] LIMITED PARTNERSHIP				HILLARY CLINTON				
	INV W/ REAL FEE	06/10/85 ✓	870.00	.00	67.15	06/17/85	(870.00)	.00
	DISB	[redacted]	10.00	.00		A/R TFR.	(10.00)	.00
	INV W/ REAL FEE	09/12/85 ✓	28.00	.00	140.00	12/09/85	(28.00)	.00
	DISB	[redacted]	2.10	.00		A/R TFR.	(2.10)	.00
	INV W/ REAL FEE	12/05/85 ✓	722.50	.00	96.01	12/09/85	(722.50)	.00
	DISB	[redacted]	2.40	.00		A/R TFR.	(2.40)	.00

595

DKSN028928



REPORT ID BILLPAY
02/12/92 08:41

ROSE LAW FIRM

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 46 TO 31 DEC 99

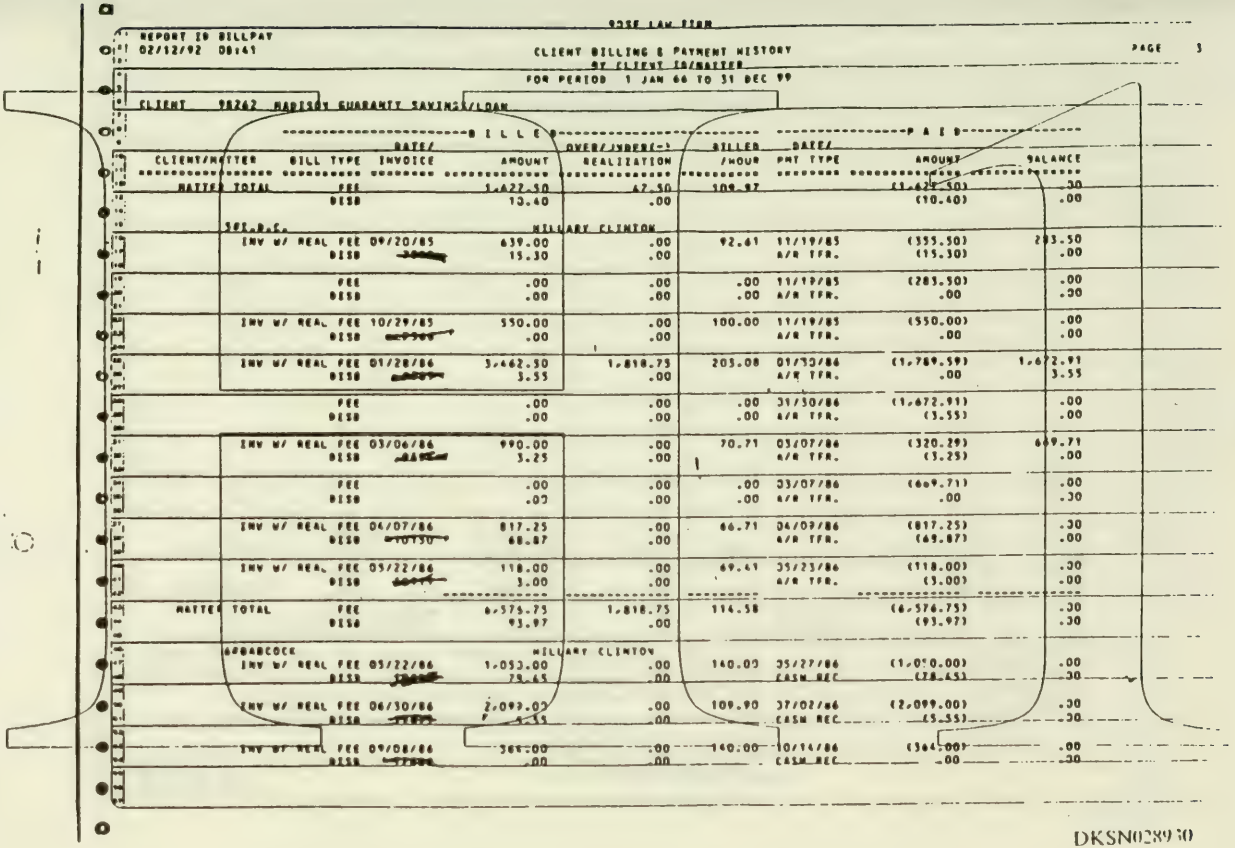
PAGE 2

CLIENT 9924A2 HERITAGE GUARANTY SAVINGS/LOAN

CLIENT/MATTER	BILL TYPE	BILLED DATE/INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED /HOUR	PAID DATE/PMT TYPE	PAID AMOUNT	BALANCE
SPLINTER PARTNERSHIP			HILLARY CLINTON					
	INV W/ REAL FEE	01/28/86	227.50	.00	94.26	01/33/86 A/R TFR.	(85.96)	141.66
	DISB	[illegible]	.00	.00		A/R TFR.	.00	.00
	FEE		.00	.00	.00	01/30/86 A/R TFR.	(141.66)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
MATTER TOTAL	FEE		1,857.00	.00	76.11		(1,857.00)	.00
	DISB		14.50	.00			(14.50)	.00
SPOBIBLER GOLDEN			HILLARY CLINTON					
	INV W/ REAL FEE	09/12/85	85.00	.00	85.00	12/09/85 A/R TFR.	(85.00)	.00
	DISB	[illegible]	6.51	.00		A/R TFR.	(6.51)	.00
GREENGAL			HILLARY CLINTON					
	INV W/ REAL FEE	09/12/85	234.00	.00	65.00	12/09/85 A/R TFR.	(234.00)	.00
	DISB	[illegible]	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	12/05/85	232.50	.00	105.68	12/09/85 A/R TFR.	(91.96)	140.54
	DISB	[illegible]	.00	.00		A/R TFR.	.00	.00
	FEE		.00	.00	.00	12/09/85 A/R TFR.	(140.54)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	01/28/86	63.00	(312.50)	15.00	01/33/86 A/R TFR.	(40.00)	.00
	DISB	[illegible]	8.75	.00		A/R TFR.	(8.75)	.00
	INV W/ REAL FEE	04/07/86	12.50	.00	125.00	04/09/86 A/R TFR.	(12.50)	.00
	DISB	[illegible]	1.05	.00		A/R TFR.	(1.05)	.00
	INV W/ REAL FEE	05/22/86	392.50	.00	132.14	05/25/86 A/R TFR.	(309.62)	82.88
	DISB	[illegible]	.00	.00		A/R TFR.	.00	.00
	FEE		.00	.00	.00	05/27/86 CASH REC	(82.88)	.00
	DISB		.00	.00	.00	CASH REC	.00	.00
	INV W/ REAL FEE	06/30/86	54.00	.00	160.00	07/02/86 CASH REC	(54.00)	.00
	DISB	[illegible]	.00	.00		CASH REC	.00	.00
	INV W/ REAL FEE	01/30/87	500.00	500.00	.00	03/29/87 CASH REC	(500.00)	.00
	DISB	[illegible]	.60	.00		CASH REC	(.60)	.00
	INV W/ REAL FEE	01/06/87	160.00	(160.00)	160.00	[illegible]	(160.00)	.00
	DISB	17129	.00	.00		W/O ADJ.	.00	.00

596

DKSN028929



REPORT ID BILLPAY
02/12/92 08:41

ROSE LAW FIRM

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 86 TO 31 DEC 99

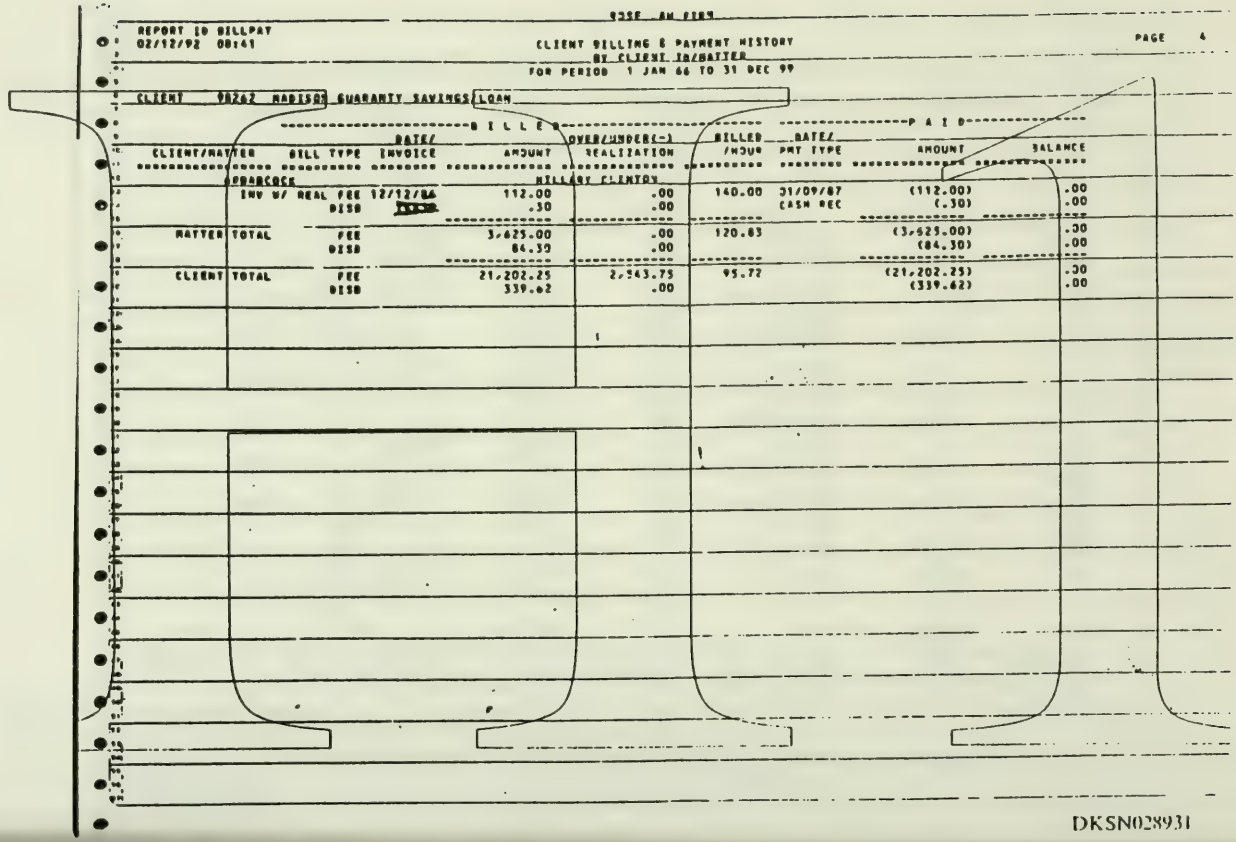
PAGE 3

CLIENT 98262 MADISON GUARANTY SAVINGS/LOAN

CLIENT/MATTER	BILL TYPE	BILLED RATE/ INVOICE	BILLED AMOUNT	OVER/(UNDER)-1 REALIZATION	BILLED /HOUR	PAID DATE/ PMT TYPE	PAID AMOUNT	BALANCE
MATTER TOTAL	FEE		1,422.50	47.50	109.97		(1,422.50)	.00
	DISB		10.40	.00			(10.40)	.00
501.B.C.				HILLARY CLINTON				
	INV W/ REAL FEE	09/20/85	639.00	.00	92.61	11/19/85	(355.50)	283.50
	DISB	[illegible]	15.30	.00		A/R TFR.	(15.30)	.00
	FEE		.00	.00	.00	11/19/85	(283.50)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	10/29/85	550.00	.00	100.00	11/19/85	(550.00)	.00
	DISB	[illegible]	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	01/28/86	3,462.50	1,810.75	203.08	01/30/86	(1,789.59)	1,672.91
	DISB	[illegible]	3.55	.00		A/R TFR.	.00	3.55
	FEE		.00	.00	.00	01/30/86	(1,672.91)	.00
	DISB		.00	.00	.00	A/R TFR.	(3.55)	.00
	INV W/ REAL FEE	03/06/86	990.00	.00	70.71	03/07/86	(320.29)	669.71
	DISB	[illegible]	5.25	.00		A/R TFR.	(5.25)	.00
	FEE		.00	.00	.00	03/07/86	(669.71)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	04/07/86	817.25	.00	66.71	04/09/86	(817.25)	.00
	DISB	[illegible]	68.87	.00		A/R TFR.	(68.87)	.00
	INV W/ REAL FEE	05/22/86	118.00	.00	69.41	05/23/86	(118.00)	.00
	DISB	[illegible]	3.00	.00		A/R TFR.	(3.00)	.00
MATTER TOTAL	FEE		6,576.75	1,810.75	114.58		(6,576.75)	.00
	DISB		93.97	.00			(93.97)	.00
602.BARCOCK				HILLARY CLINTON				
	INV W/ REAL FEE	05/22/86	1,053.00	.00	140.00	05/27/86	(1,050.00)	.00
	DISB	[illegible]	75.45	.00		CASH REC	(75.45)	.00
	INV W/ REAL FEE	06/30/86	2,099.00	.00	109.90	07/02/86	(2,099.00)	.00
	DISB	[illegible]	5.55	.00		CASH REC	(5.55)	.00
	INV W/ REAL FEE	09/08/86	364.00	.00	140.00	10/14/86	(364.00)	.00
	DISB	[illegible]	.00	.00		CASH REC	.00	.00

597

DKSN028930



9:55P AM FIRM

REPORT ID BILLPAY
02/12/92 00141

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 66 TO 31 DEC 99

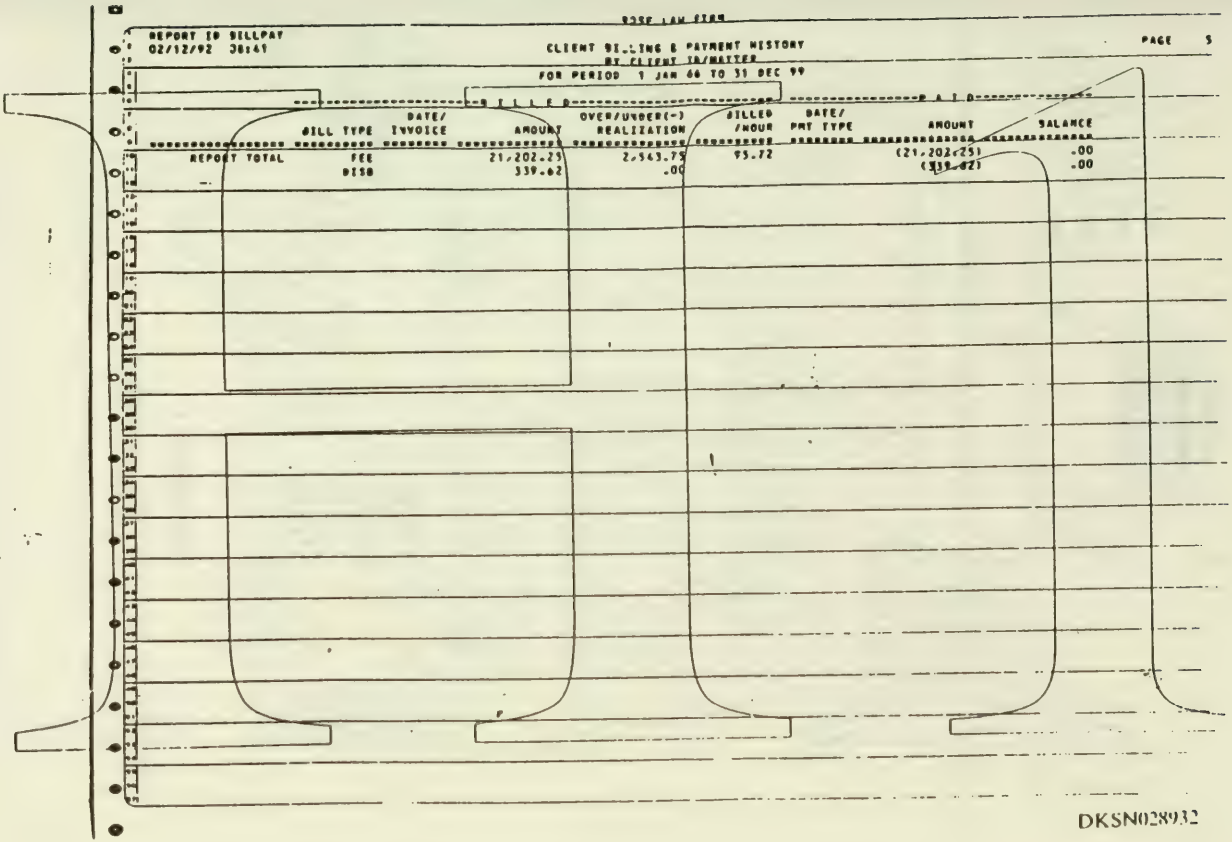
PAGE 4

CLIENT 99262 MADISON GUARANTY SAVINGS LOAN

CLIENT/MATTER	BILL TYPE	DATE/ INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED HOUR	DATE/ PMT TYPE	PAID AMOUNT	BALANCE
CHARGECK			BILLABLE CLIENTS					
	INV W/ REAL	FEE 12/12/86	112.00	.00	140.00	01/09/87	(112.00)	.00
		DISB [redacted]	.30	.00		CASH REC	(.30)	.00
MATTER TOTAL		FEE	3,625.00	.00	120.83		(3,625.00)	.00
		DISB	84.30	.00			(84.30)	.00
CLIENT TOTAL		FEE	21,202.25	2,543.75	95.72		(21,202.25)	.00
		DISB	339.62	.00			(339.62)	.00

598

DKSN028931



BOSF LAW FIRM

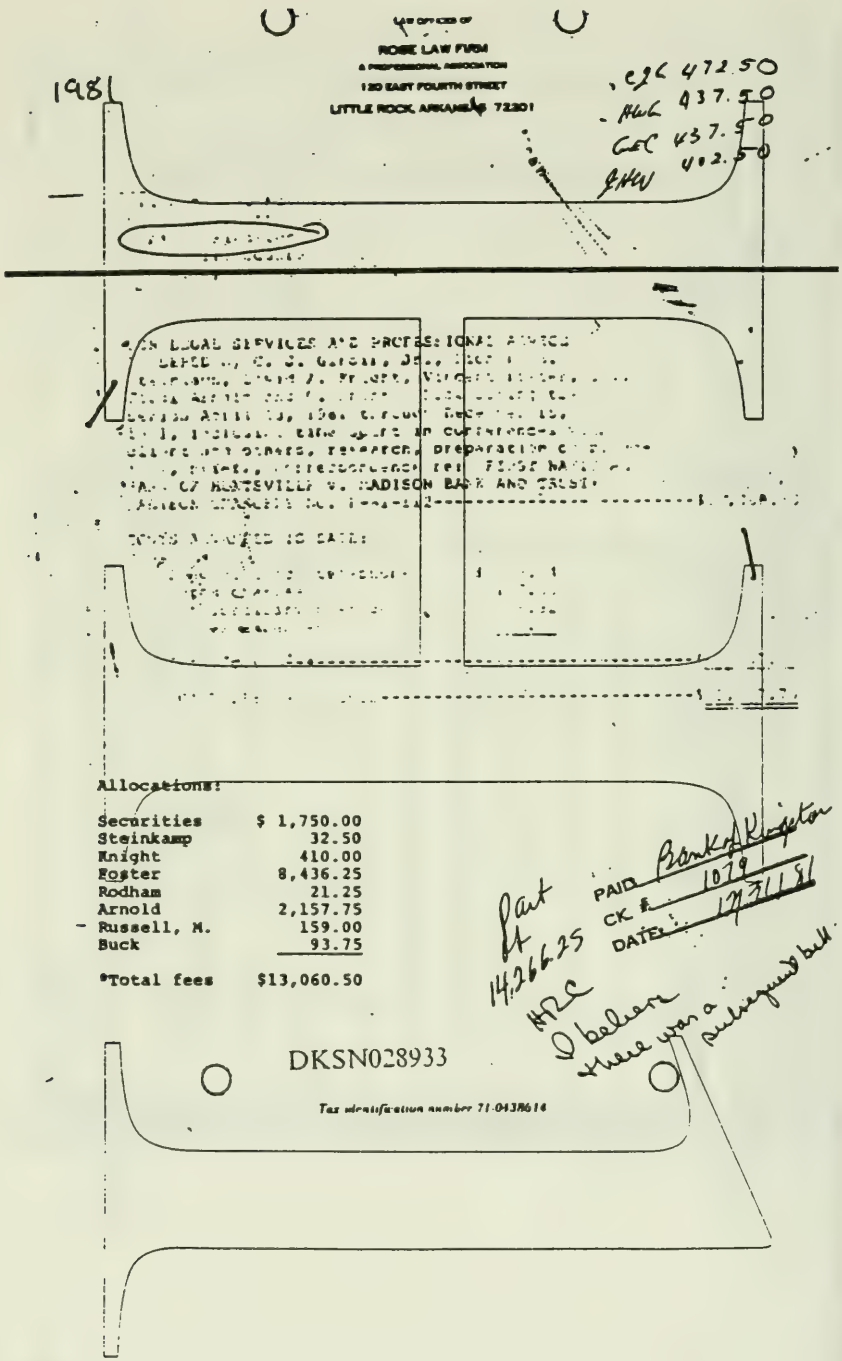
REPORT ID BILLPAY
02/12/92 08:41

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 66 TO 31 DEC 99

PAGE 5

	BILL TYPE	BILLED DATE/ INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED /HOUR	PAID DATE/ PMT TYPE	PAID AMOUNT	BALANCE
REPORT TOTAL	FEE		21,202.25	2,543.75	95.72		(21,202.25)	.00
	DISB		339.62	.00			(339.62)	.00

DKSN028932



LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

1981

cgc 472.50
Hwk 437.50
CoC 437.50
GHW 402.50

...CK LEGAL SERVICES AND PROFESSIONAL ADVICE
...LEPEE vs. Co. of Garland, Dec. [illegible]
...California, Linda J. Pr[illegible]
...Civil Action No. [illegible]
...Circuit Court for [illegible]
...Ark. 1, Preparation [illegible] conferences [illegible]
...client and others, research, preparation [illegible]
...[illegible], correspondence re: FIRST NATIONAL
...BANK OF HUNTSVILLE v. MADISON BANK AND TRUST
...[illegible] Inc. [illegible]

...DUNTS ALLOWED TO DATE:
...[illegible]
...[illegible]
...[illegible]

Allocations:

Securities	$ 1,750.00
Steinkamp	32.50
Knight	410.00
Foster	8,436.25
Rodham	21.25
Arnold	2,157.75
Russell, M.	159.00
Buck	93.75
*Total fees	$13,060.50

Part 14,266.25

PAID Bank of Kingston
CK # 1079
DATE 12/31/81

HRC
I believe there was a subsequent bill

DKSN028933

Tax identification number 71-0438614

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: RIPER

WORTHEN GUARANTY SAVINGS/LOAN
ATT: JOHN LATHAM, PRESIDENT
1ST & MAIN
LITTLE ROCK, AR 72201

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID #71-0650014) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH PAID 2018.00

CK. # 5-21-85

DATE

MATTER:

STOCK OFFERING

04/23/85 H. CLINTON	CONFERENCE WITH J. MCDOUGAL AND J. LATHAM; CONFERENCE WITH S. MASSEY; CONFERENCE WITH B. GREGORY
04/23/85 L. BALDGE	CONFERENCE WITH R. MASSEY
04/23/85 R. MASSEY	RESEARCH ON PREFERRED STOCK OFFERINGS; CONFERENCE WITH JOHN LATHAM; CONFERENCE WITH HILLARY RODHAM CLINTON; CONFERENCE WITH LEE BALDGE
04/24/85 H. CLINTON	TELEPHONE CONFERENCES WITH S. MASSEY, JOHN LATHAM, DAVIS PITTMAN; CONFERENCE WITH S. MASSEY; REVIEW DRAFT DOCUMENTS
04/24/85 S. GRIPES	DRAFT MINUTES; RESOLUTIONS TO AMEND CERTIFICATE OF INCORPORATION TO CREATE CLASS OF PREFERRED STOCK; REVIEW MASSEY'S INSTRUCTIONS; RELATED RESEARCH
04/24/85 R. MASSEY	RE PREFERRED STOCK OFFERINGS; RESEARCH STATE & FEDERAL LAW ON STOCK AUTHORITY; DRAFTING DOCUMENTS
04/25/85 H. CLINTON	REVIEW OF SUBSCRIPTION AGREEMENTS; CONFERENCE WITH R. MASSEY
04/25/85 R. MASSEY	DRAFTING & REVISE DOCUMENTS; CONFERENCE WITH JOHN LATHAM AND HILLARY RODHAM CLINTON
04/25/85 L. GREGORY	CONFERENCES WITH R. MASSEY REGARDING CAPITAL - RAISING PLANS; REVIEW OF CONSENT ON DRAFT SUBSCRIPTION AGREEMENT
04/26/85 R. MASSEY	CONFERENCE WITH JOHN LATHAM REGARDING CLASS; RESEARCH PUBLIC REGISTRATION STATEMENT; DRAFTING DOCUMENTS
04/27/85 H. CLINTON	TELEPHONE CONFERENCE WITH R. MASSEY; [illegible] COMMISSIONER; TELEPHONE CONFERENCE WITH R. MASSEY

ROSE LAW FIRM

DKSN02893-

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 378-0181

CLIENT: 91781

MADISON GUARANTY SAVINGS/LOAN
ATT: JOHN LATHAM, PRESIDENT
10TH AND MAIN
LITTLE ROCK, AR 72201

RE: Fee Arrangements Matter

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID #71-0435014) - RETURN THIS STUB WITH YOUR

FOR LEGAL SERVICES RENDERED IN CONNECTION WI PAID 2018.00

CK #

DATE: 5-21-85

MATTER:

STOCK OFFERING

04/23/85 H. CLINTON	CONFERENCE WITH J. MCDOUGAL AND J. LATHAM; CONFERENCE WITH S. WALT; CONFERENCE WITH H. GREGORY
04/23/85 L. BALDGE	CONFERENCE WITH R. MASSEY
04/23/85 R. MASSEY	RESEARCH ON PREFERRED STOCK OFFER; CONFERENCE WITH JOHN LATHAM; CONFERENCE WITH HILLARY RODHAM CLINTON; CONFERENCE WITH LEE EAS
04/24/85 H. CLINTON	TELEPHONE CONFERENCES WITH R. MASSEY; JOHN LATHAM; DAVIS PIERCE; CONFERENCE WITH R. MASSEY; REVIEW DRAFT DOCUMENTS
04/24/85 S. GRIVES	DRAFT MINUTES, RESOLUTIONS TO AMEND CERTIFICATE OF INCORPORATION TO CLASS OF PREFERRED STOCK PER R. MASSEY'S INSTRUCTIONS; RELATED RESEARCH
04/24/85 R. MASSEY	PREFERRED STOCK OFFERING; RESEARCH STATE & FEDERAL LAW ON STOCK AUTHORITY; DRAFTING DOCUMENTS
04/25/85 H. CLINTON	REVIEW OF SUBSCRIPTION AGREEMENT; CONFERENCE WITH R. MASSEY
04/25/85 R. MASSEY	DRAFTING & REVISE DOCUMENTS; CONFERENCE WITH JOHN LATHAM AND HILLARY RODHAM CLINTON
04/26/85 L. GARDNER	CONFERENCES WITH R. MASSEY REGARD CAPITAL - RAISING PLANS; REVIEW CONSENT ON DRAFT SUBSCRIPTION AGREEMENT
04/26/85 R. MASSEY	CONFERENCE WITH JOHN LATHAM REGARD CLASS; RESEARCH PUBLIC OFFERING STATEMENT; DRAFTING DOCUMENTS
04/29/85 H. CLINTON	TELEPHONE CONFERENCE WITH R. MASSEY SECURITIES COMMISSIONER; TELEPHONE CONFERENCE WITH R. MASSEY

ROSE LAW FIRM

DRSN028935

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0435015 - RETURN THIS STUB WITH YOUR CHECK

TOTAL FOR SERVICES $1,700.00
TOTAL THIS STATEMENT $1,700.00

ROSE LAW FIRM

DKSN028936

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0358014) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER:

LIMITED PARTNERSHIP

10/25/93 R. MASSEY	CONFERENCE WITH DAVIS FITZHUGH, JOE LATHAM, HILLARY RODHAM CLINTON
10/25/93 W. CLINTON	CONFERENCE WITH JOHN LATHAM, DAVIS FITZHUGH, RICK MASSEY

TOTAL FOR SERVICES

TOTAL THIS STATEMENT

ROSE LAW FIRM

DKSN028937

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (800) 370-0131

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAS ID #71-0430014 - RETURN THIS STUB WITH YOUR CHECK

*** CURRENCY TOTALS ***

TOTAL FEE SERVICES, ALL MATTERS

TOTAL THIS STATEMENT, ALL MATTERS

ROSE LAW FIRM

DKSN028938

MEMO # 17026 CLIENT # 98262 MATTER # 1 of 2 MEMO TYPE ___

DATE RECEIVED ___/___/___ DATE PREPARED ___/___/___ BY _____

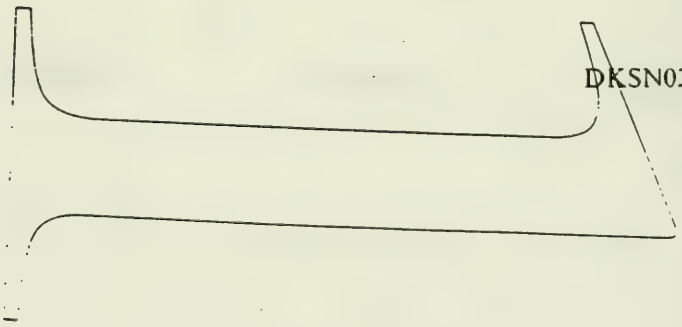
Needed		Done	By	Needed		Done	By
___	Cancel Memo	___	_____	___	WIP Text Edit	___	_____
___	Content Edit	___	_____	X	Bill Text Edit	___	_____
X	B & R Input	___	_____	___	Delete	___	_____
				___	Transfer Out	___	_____
				___	Hold Partial	___	_____
				___	Add From WIP	___	_____

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 2018	$ 2018.00
DISBURSEMENTS	$ -0-	$ -0-

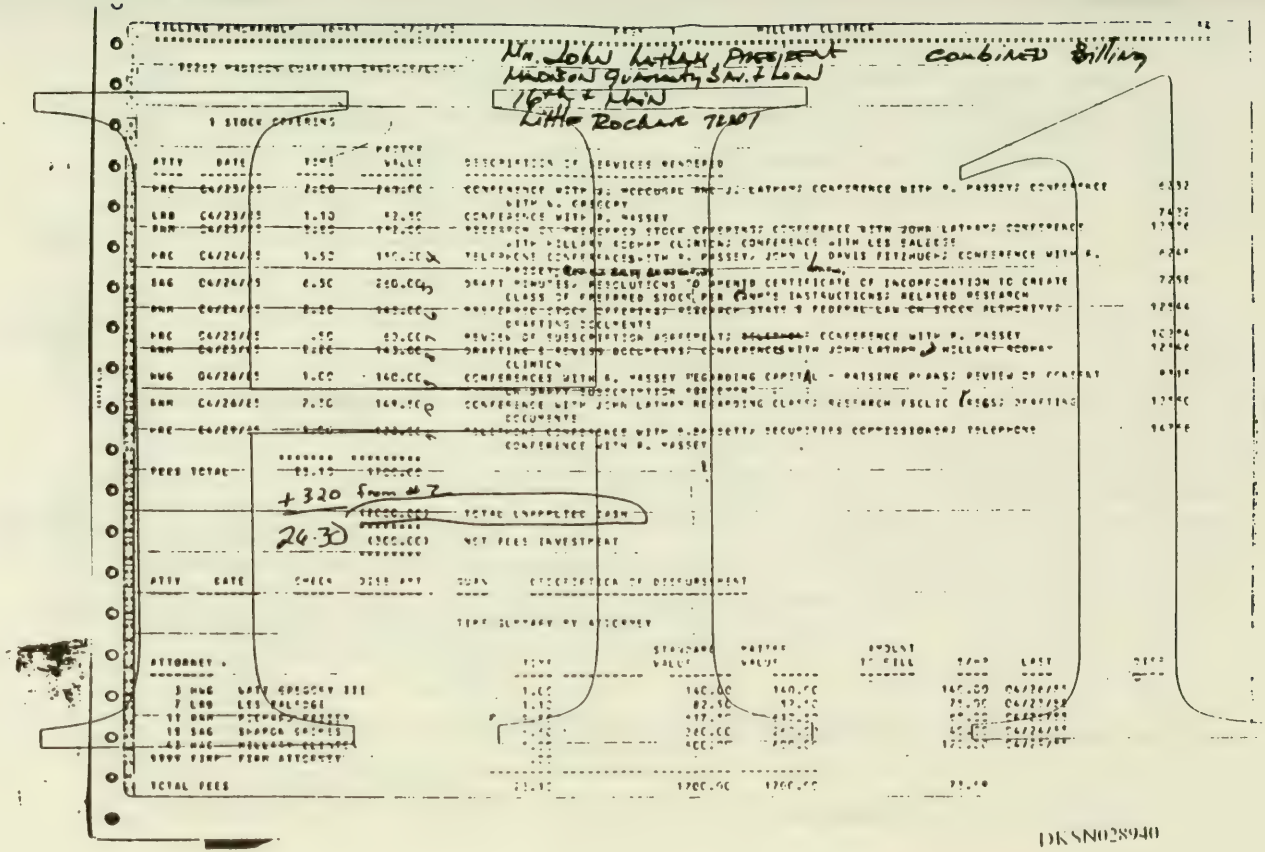
Prorate Fee Credits (Y/N) ___

Bill Date ___/___/___ Format # ___ Bill Disposition: ___ Print
___ No Print
___ Floppy

PROCESSING DATE ___/___/___ PROCESSED BY _____



DKSN028939



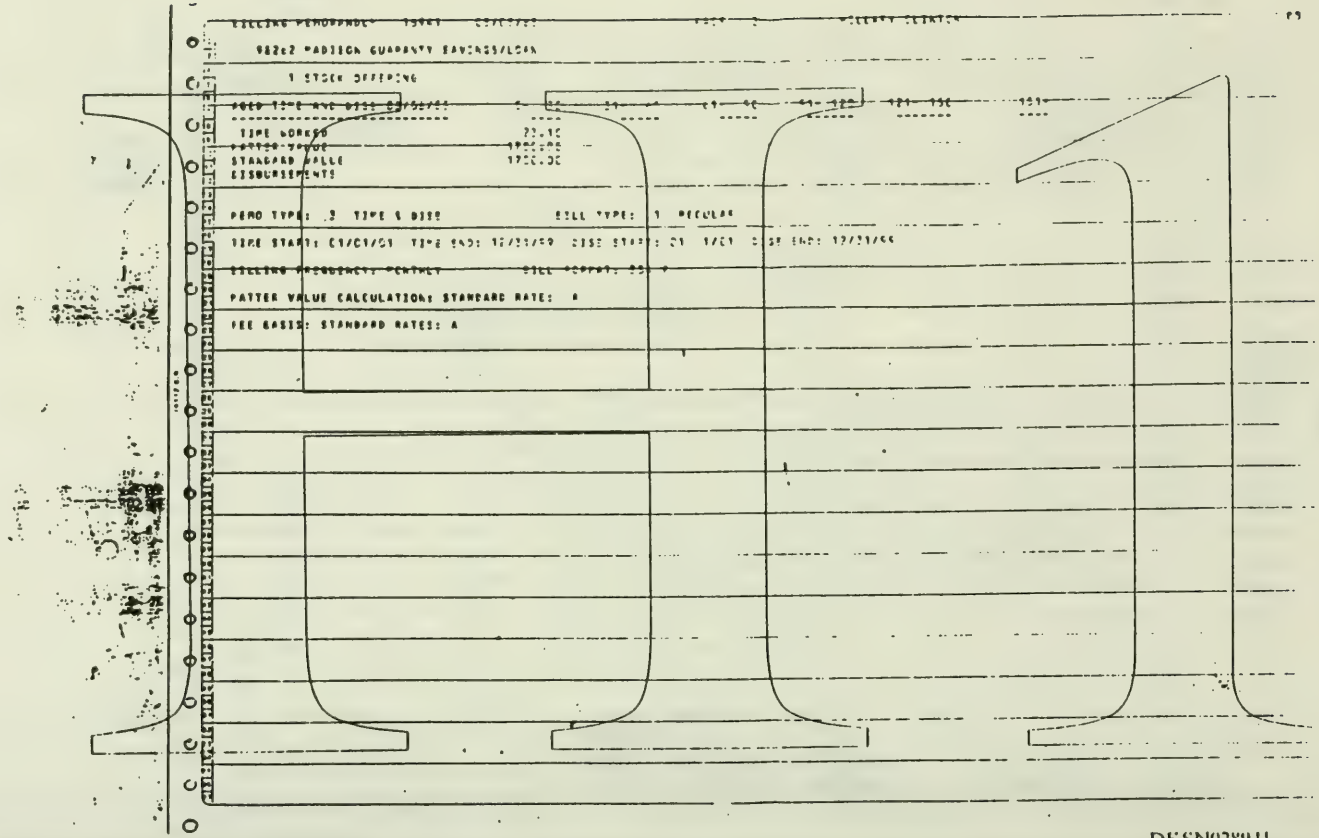
Mr. John Luther, President
Madison Guaranty S&L Loan
16th & Main
Little Rock 72201

combined billing

+320 from #7

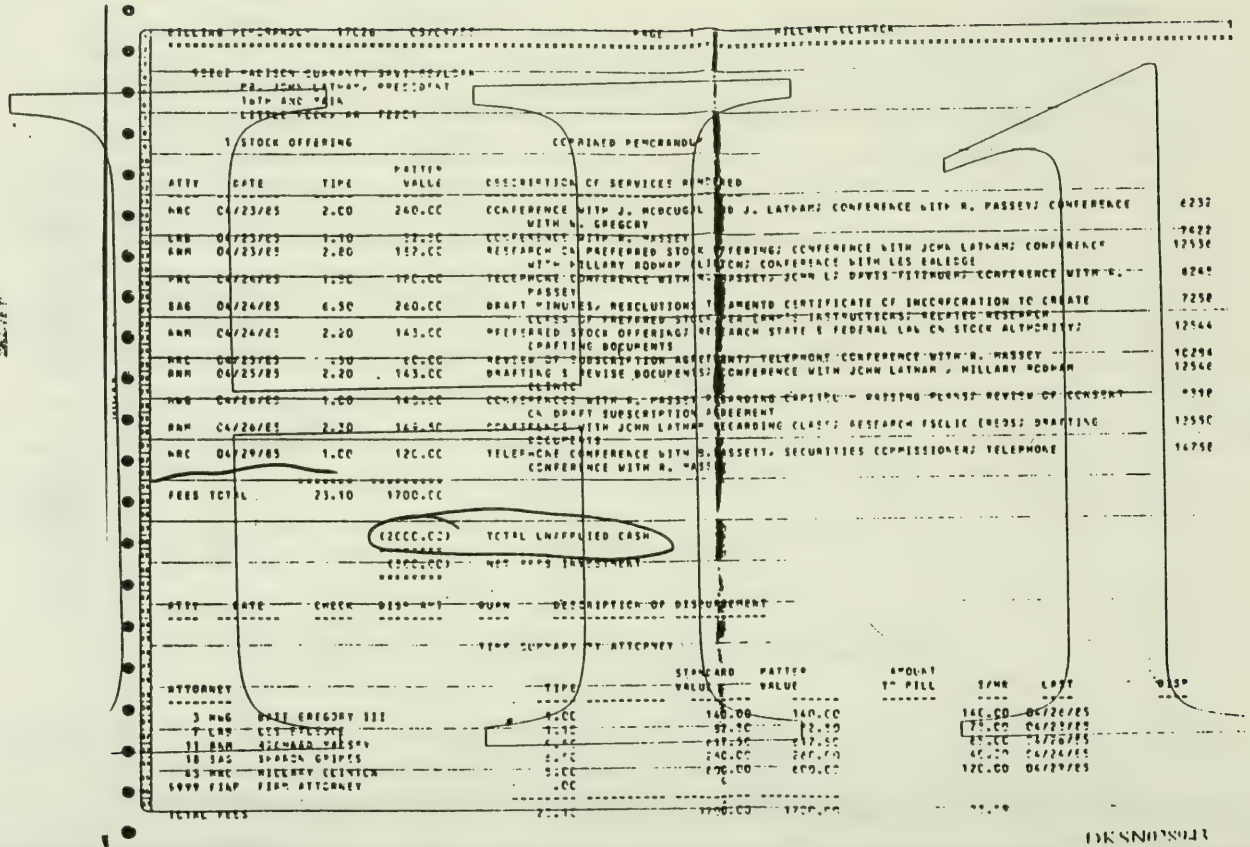
24.30

DKSN028940

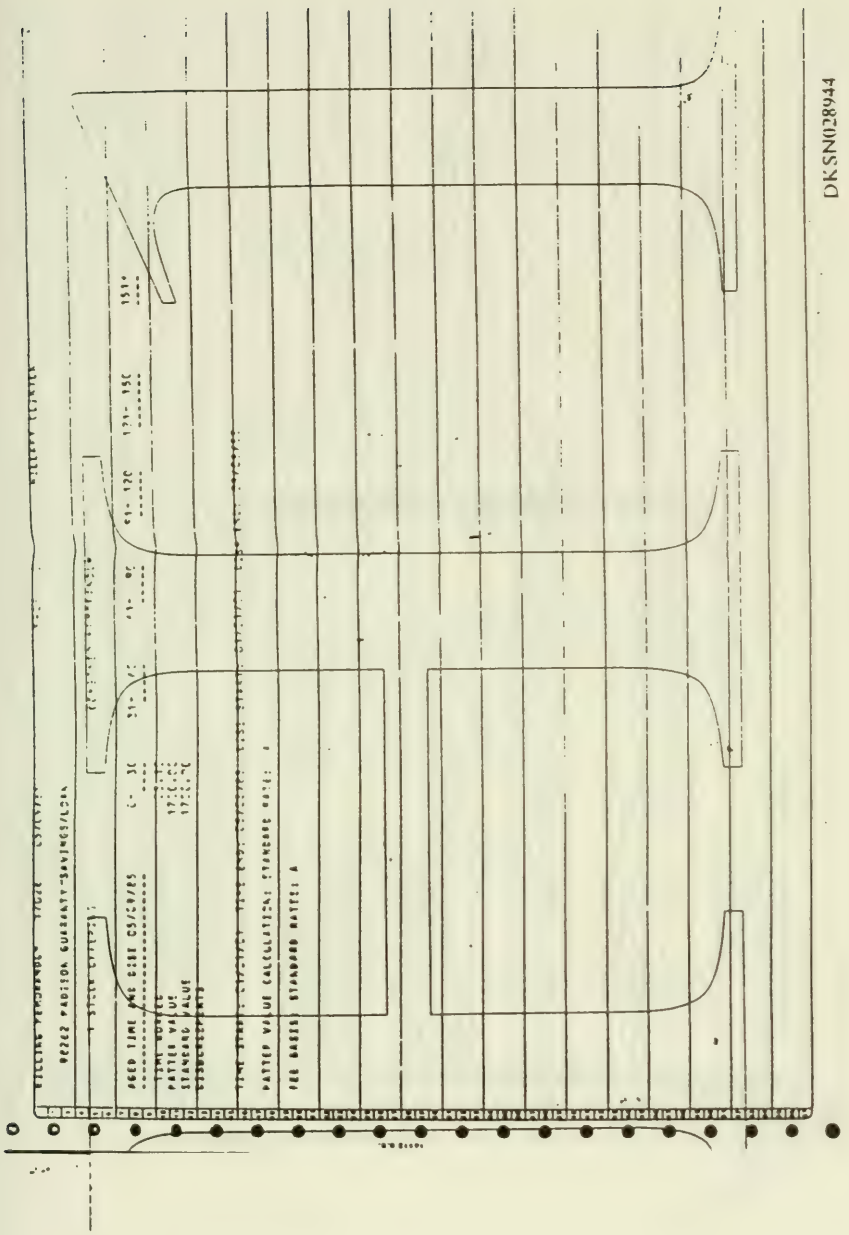

982e2 MADISON GUARANTY SAVINGS/LOAN
1 STOCK OFFERING
TYPE WORKED
STANDARD VALUE
DISBURSEMENTS
PERD TYPE: 2 TYPE 5 DISB
STILL TYPE: 1 REGULAR
PATTER VALUE CALCULATION: STANDARD RATE: A
FEE BASIS: STANDARD RATES: A

DKSN028941

DKSN028942



610



DKSN028944

DKSN029946

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

nrc 60

CLIENT: 9824-2

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
10TH AND MAIN
LITTLE ROCK, AR 72201

JULY 10, 1985
INVOICE # 9481

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAS ID #71-0400040 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 2

LIMITED PARTNERSHIP

05/01/85	MEETING WITH DAVIS FITZHUGH, JOHN LATHAM; CONFERENCE WITH CHARLES HANDLEY, LES RALEDGE	
05/02/85	CONFERENCE WITH DAVID FITZHUGH; CONFERENCE WITH HILLARY CLINTON	
05/08/85	TELEPHONE CONFERENCE WITH R. MASSEY	
05/08/85	MEETING WITH DAVIS FITZHUGH, JOHN LATHAM, SARAH HAWKINS	
05/10/85	DRAFTING APPLICATION TO ASLAB	
05/11/85	REVIEW / REVISE / DRAFTING APPLICATION	
	TOTAL FOR SERVICES	$829.00

DISBURSEMENTS

05/16/85	FILING FEES	10.00
	DISBURSEMENTS TOTAL	$10.00
	TOTAL THIS STATEMENT	$839.00

PAID 889.00
CK # 81784
DATE 6-17-85

ROSE LAW FIRM

DKSN028947

MEMO # 17663 CLIENT # 98262 MATTER # 2 MEMO TYPE ___

DATE RECEIVED ___/___/___ DATE PREPARED ___/___/___ BY _____

Needed		Done	By	Needed		Done	By
___	Cancel Memo	___		___	WIP Text Edit	___	
___	Content Edit	___		✓	Bill Text Edit	___	
✓	B & R Input	___		___	Delete	___	
				___	Transfer Out	___	
				___	Hold Partial	___	
				✓	Add From WIP	___	

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 879—	$ 879—
DISBURSEMENTS	$ 10—	$ 10—

Prorate Fee Credits (Y/N) Y

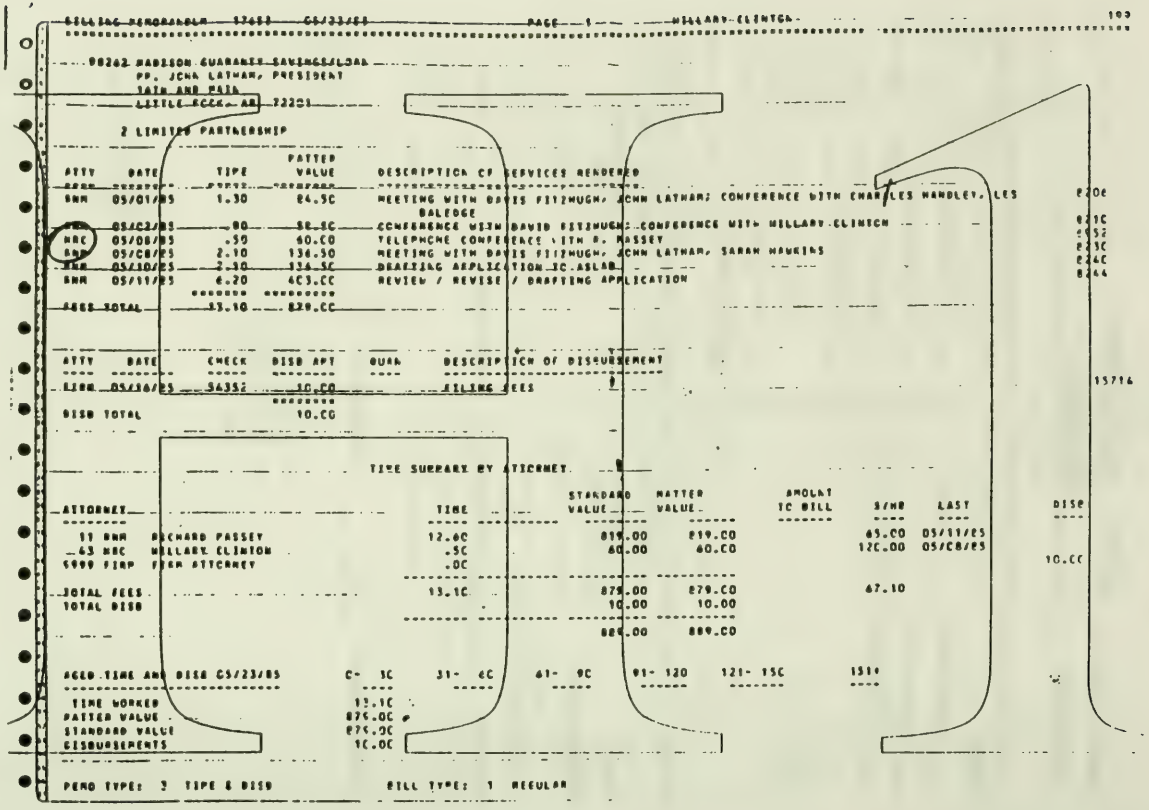
Bill Date ___/___/___ Format # 2 Bill Disposition: ✓ Print

___ No Print

___ Floppy

PROCESSING DATE ___/___/___ PROCESSED BY _____

DKSN028948



BILLING REMEMBRANCE 17453 05/23/85 PAGE 1 HILLARY CLINTON 103

00262 MADISON GUARANTY SAVINGS/LOAN
PP, JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

2 LIMITED PARTNERSHIP

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
RHR	05/01/85	1.30	84.5C	MEETING WITH DAVIS FITZHUGH; JOHN LATHAM; CONFERENCE WITH CHARLES HANDLEY, LES BALEDGE	820e
HRC	05/02/85	.80	80.CC	CONFERENCE WITH DAVID FITZHUGH; CONFERENCE WITH HILLARY CLINTON	821C
HRC	05/06/85	.50	40.CC	TELEPHONE CONFERENCE WITH R. MASSEY	822C
RHR	05/08/85	2.10	136.50	MEETING WITH DAVIS FITZHUGH; JOHN LATHAM; SARAH HAWKINS	823C
RHR	05/10/85	2.30	126.5C	DRAFTING APPLICATION TO ASLAB	824C
RHR	05/11/85	6.20	403.CC	REVIEW / REVISE / DRAFTING APPLICATION	8244
AGES TOTAL		13.10	829.CC		

ATTY	DATE	CHECK	DISB APT	QUAN	DESCRIPTION OF DISBURSEMENT	
DISB	05/30/85	54355	10.CC		FILING FEES	15716
DISB TOTAL			10.CC			

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
11 RHR RICHARD MASSEY	12.0C	819.00	819.CO		65.CO	05/11/85	
63 HRC HILLARY CLINTON	.5C	60.00	60.CO		120.00	05/CB/85	
9999 FIRM FROM ATTORNEY	.0C						10.CC
TOTAL FEES	13.1C	879.00	879.CO		67.10		
TOTAL DISB		10.00	10.00				
		889.00	889.CO				

AGED TIME AND DISB 05/23/85	C- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	13.1C					
MATTER VALUE	879.0C					
STANDARD VALUE	879.0C					
DISBURSEMENTS	10.0C					

MEMO TYPE: 2 TIME & DISB BILL TYPE: 1 REGULAR

616

LKSN02849

DKSN02894

LAW OFFICES OF

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

PHONE (501) 375-9131

RAM

CLIENT: 78262

MADISON GUARANTY SAVINGS/LOAN
ATT: JOHN LATHAM, PRESIDENT
15TH AND MAIN
LITTLE ROCK, AR 72201

JUNE 10, 1985
INVOICE # 7-85

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0400018) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 1

STOCK OFFERING

05/13/85 REVISE STOCK SUBSCRIPTION AGREEMENT; CONFERENCE WITH DAVID KNIGHT
05/17/85 TELEPHONE CONFERENCE WITH R. MASSEY; REVIEW OF DOCUMENTS
05/21/85 REVIEW OF APPLICATION

TOTAL FOR SERVICES $186.00

DISBURSEMENTS

05/16/85 PHOTOCOPY EXPENSE (.15) 3.30 #2
05/22/85 PHOTOCOPY EXPENSE (.15) .90 #

DISBURSEMENTS TOTAL $4.20

TOTAL THIS STATEMENT $190.20

PAID 190.20
CK # AR TRANS
DATE 6-17-85

ROSE LAW FIRM

DKSN028951

MEMO # 17652 CLIENT # 98262 MATTER # 1 MEMO TYPE

DATE RECEIVED __/__/__ DATE PREPARED __/__/__ BY

Needed		Done	By	Needed		Done	By
	Cancel Memo				WIP Text Edit		
	Content Edit				Bill Text Edit		
✓	B & R Input				Delete		
					Transfer Out		
					Hold Partial		
				✓	Add From WIP		

* draft w/A

everything this.
11/24/71

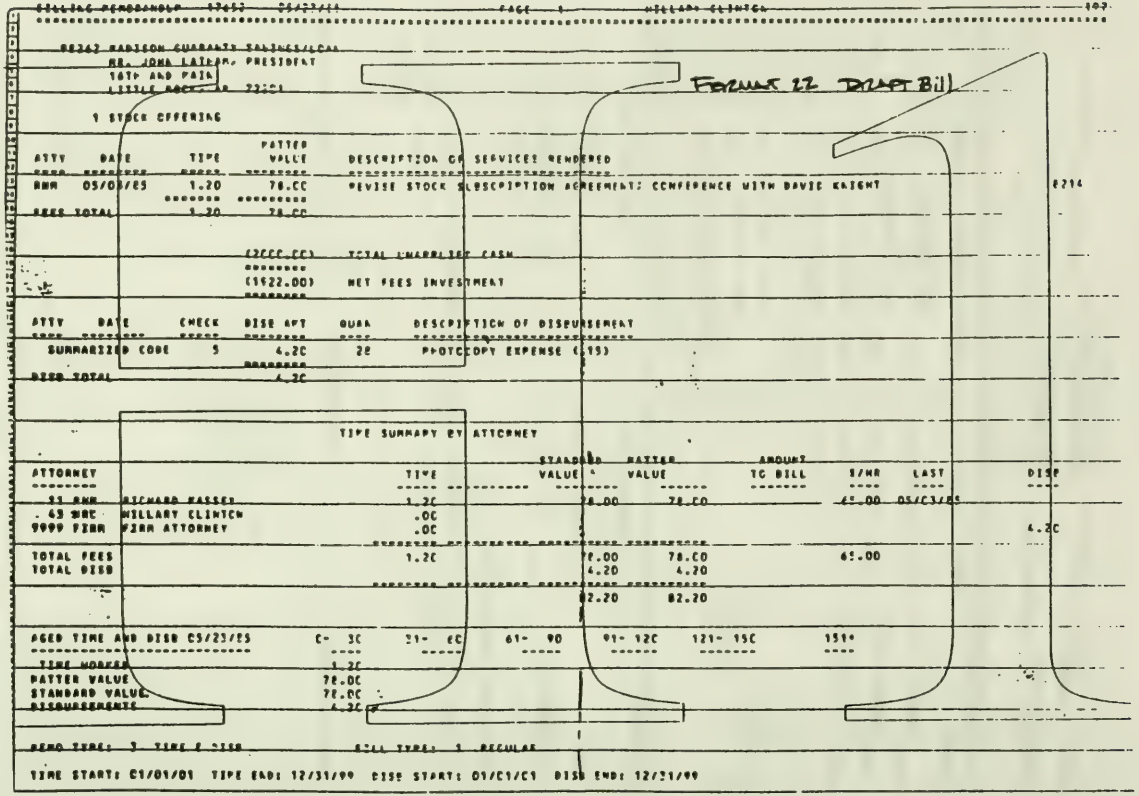
	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 186—	$ 186—
DISBURSEMENTS	$ 4.20	$ 4.20

Prorate Fee Credits (Y/N) Y

Bill Date __/__/__ Format # 22 Bill Disposition: ✓ Print / No Print / Floppy

PROCESSING DATE __/__/__ PROCESSED BY

DKSN028952



68343 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

Format 22 DRAFT Bill

Bridges Bill #: 3 in 131

1 STOCK OFFERING

ATTY	DATE	TIME	PATTER VALUE	DESCRIPTION OF SERVICES RENDERED
RHM	05/03/ES	1.2C	78.CC	REVISE STOCK SUBSCRIPTION AGREEMENT; CONFERENCE WITH DAVID KAIGHT
FEES TOTAL		1.2C	78.CC	

(2CCC.CC) TOTAL UNAPPLIED CASH
(1922.00) NET FEES INVESTMENT

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT
SUMMARIZED CODE		5	4.2C	22	PHOTOCOPY EXPENSE (.15)
DISB TOTAL			4.2C		

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	PATTER VALUE	AMOUNT TO BILL	E/HR	LAST	DISB
91 RHM	RICHARD MASSEY	1.2C	78.00	78.CO		65.00	05/03/ES	
.43 WJC	HILLARY CLINTON	.0C						
9999 FIRM	FIRM ATTORNEY	.0C						4.2C
TOTAL FEES		1.2C	78.00	78.CO		65.00		
TOTAL DISB			4.20	4.20				
			82.20	82.20				

AGED TIME AND DISB 05/23/ES	C- 3C	31- 6C	61- 9C	91- 12C	121- 15C	151+
TIME WORKED	1.2C					
PATTER VALUE	78.0C					
STANDARD VALUE	78.0C					
DISBURSEMENTS	4.2C					

MEMO TYPES: 2 TIME & DISB BILL TYPES: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

620

DKSN028954

THE OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 99262

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

JULY 19, 198
INVOICE # 629

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0428141) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 1

STOCK OFFERING

06/04/85	W. CLINTON	TELEPHONE CONFERENCE WITH R. MASSEY
06/05/85	W. CLINTON	TELEPHONE CONFERENCE WITH JIM PODGURSKI AND C. GIROIR
06/07/85	W. CLINTON	TELEPHONE CONFERENCE WITH RICK MASSEY
06/07/85	R. MASSEY	CONFERENCE WITH S. HAWKINS; RESEARCH FHLBB RULES
06/13/85	R. MASSEY	RESEARCH NECESSITY OF FHLBB AND FSLIC APPROVAL PRIOR TO ISSUANCE; TELEPHONE CONFERENCE WITH S. HAWKINS
06/17/85	D. THOMAS	REVIEW OF LOAN DOCUMENTS; PREPARATION, REVIEW AND REVISION
06/17/85	W. CLINTON	REVIEW OF APPLICATION AMENDMENTS
06/17/85	C. ROBERTS	RESEARCH REGULATIONS
06/17/85	C. ROBERTS	CONFERENCES WITH R. MASSEY
06/18/85	C. ROBERTS	REVIEW OF REGULATION OF FHLBB & FSLIC
06/20/85	B. KNIGHT	CONFERENCE WITH W. MASSEY RE SEC BROKER DEALER APPLICATION AND HOLDING COMPANY MATTERS

TOTAL FOR SERVICES $517.5

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) 1.5

DISBURSEMENTS TOTAL $1.5

TOTAL THIS STATEMENT $519.5

PAID 518.55
CK # 2802
DATE: 7-24-86

DKSN028955

ROSE LAW FIRM

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 95202

MADISON GUARANTY SAVINGS/LOAN

JULY 15, 1986

PAGE 2

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0456614 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 2

LIMITED PARTNERSHIP

05/20/85	R. MASSEY	CONFERENCE WITH DAVID PITTMUCH; RESEARCH REG. D
05/28/85	R. MASSEY	REVIEW ASLAB RESPONSE TO COMMENTS; REVIEW REGULATIONS
05/30/85	R. MASSEY	RESEARCH ASLAB REGULATIONS; RESEARCH FHLBB REGULATIONS; RE: R/D
06/03/85	R. MASSEY	REVISE RESPONSE LETTER TO ASLAB; TELEPHONE CONFERENCE WITH JOHN LATHAM, DAVID PITTMUCH
06/04/85	R. MASSEY	REVISE APPLICATION TO ASLAB; CONFERENCE WITH GREE YOUNG, SARAH HAWKINS
06/05/85	R. MASSEY	CONFERENCE WITH D. PITTMUCH, S. HAWKINS
06/07/85	R. MASSEY	REVISE APPLICATION; RESEARCH ASLAB RULES
06/11/85	R. MASSEY	DRAFTING RESPONSE TO ASLAB MEMO; TELEPHONE CONFERENCE WITH D. PITTMUCH
06/12/85	R. MASSEY	REVISE RESPONSE TO ASLAB RE: BROKERAGE APPLICATION
06/17/85	R. MASSEY	DRAFT/REVISE RESPONSE TO ASLAB APPLICATION
06/17/85	C. ROBERTS	RESEARCH REGULATIONS
06/17/85	C. ROBERTS	CONFERENCE WITH R. MASSEY
06/18/85	R. MASSEY	REVIEW ASLAB RESPONSES; CONFERENCE WITH S. HAWKINS; D. PITTMUCH; P. HERITAGE
06/18/85	C. ROBERTS	REVIEW OF REGULATIONS OF FHLBB & FSLIC
06/19/85	R. MASSEY	CONFERENCE WITH S. HAWKINS, D. KNIGHT, CHARLES HANDLEY
06/25/85	R. MASSEY	CONFERENCE WITH P. HERITAGE, S. HAWKINS, RESEARCH: FHLBB

TOTAL FOR SERVICES $1,[illegible].5.

PAID 1426.45
CK. # 2802
DATE: 7-24-86

DKSN028956

ROSE LAW FIRM

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 98252

MADISON GUARANTY SAVINGS/LOAN

JULY 15, 1985

PAGE 3

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430614) - RETURN THIS STUB WITH YOUR CHECK

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15)	$2.65	0.39
DISBURSEMENTS TOTAL		$52.95
TOTAL THIS STATEMENT		$7,625.69

DKSN028957

ROSE LAW FIRM

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 98262

MADISON GUARANTY SAVINGS/LOAN

JULY 15, 19[illegible]

PAGE 4

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430514 - RETURN THIS STUB WITH YOUR CHECK

*** COMBINED TOTALS ***

TOTAL FOR SERVICES, ALL MATTERS	$1,390.00
TOTAL FOR DISBURSEMENTS, ALL MATTERS	54.00
TOTAL THIS STATEMENT, ALL MATTERS	$1,444.00

ROSE LAW FIRM

DKSN028958

MEMO # ~~19629~~ 20342 CLIENT # 98262 MATTER # 1+2 MEMO TYPE ___

DATE RECEIVED ___/___/___ DATE PREPARED ___/___/___ BY ___

Needed		Done	By
___	Cancel Memo	___	___
✓	Content Edit	___	___
✓	B & R Input	___	___

Needed		Done	By
___	WIP Text Edit	___	___
___	Bill Text Edit	___	___
___	Delete	___	___
___	Transfer Out	___	___
✓	Hold Partial	___	___
___	Add From WIP	___	___

920.80 U/A Put note on bill about U/A pymt. time after 6-

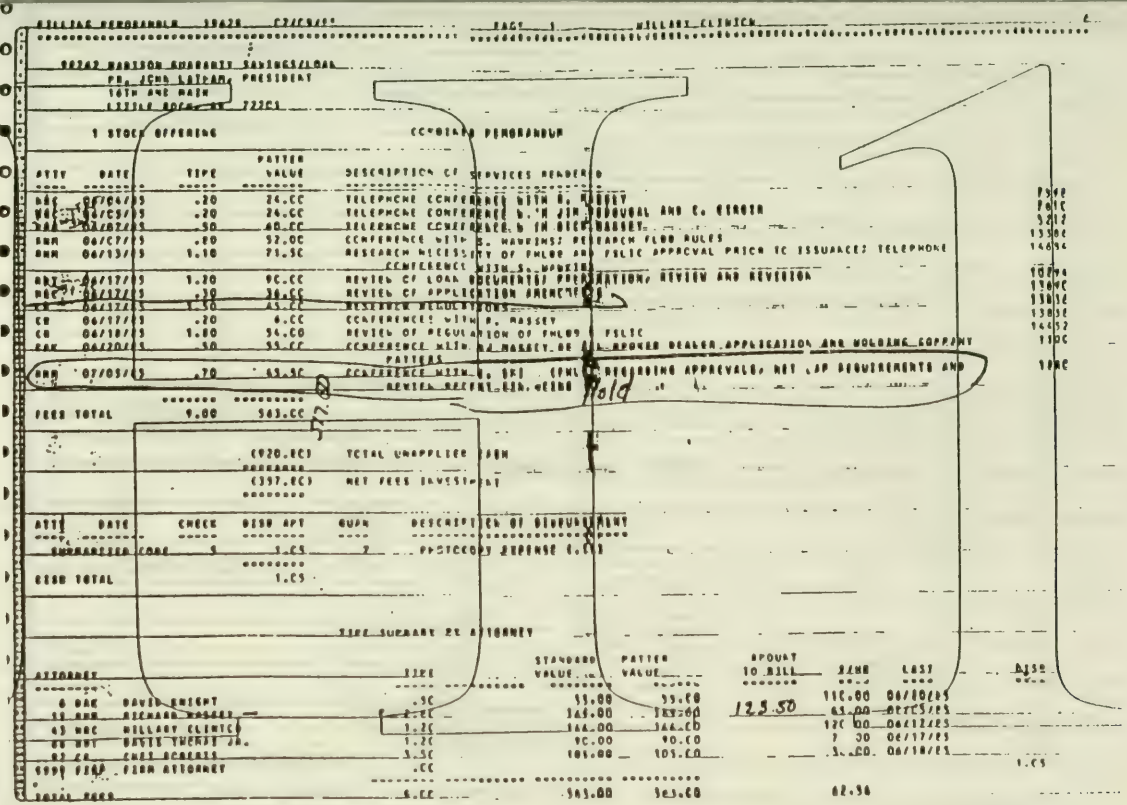
	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 1890.00	$ 1890.00
DISBURSEMENTS	$ 54.00	$ 54.00

Prorate Fee Credits (Y/N) ✓

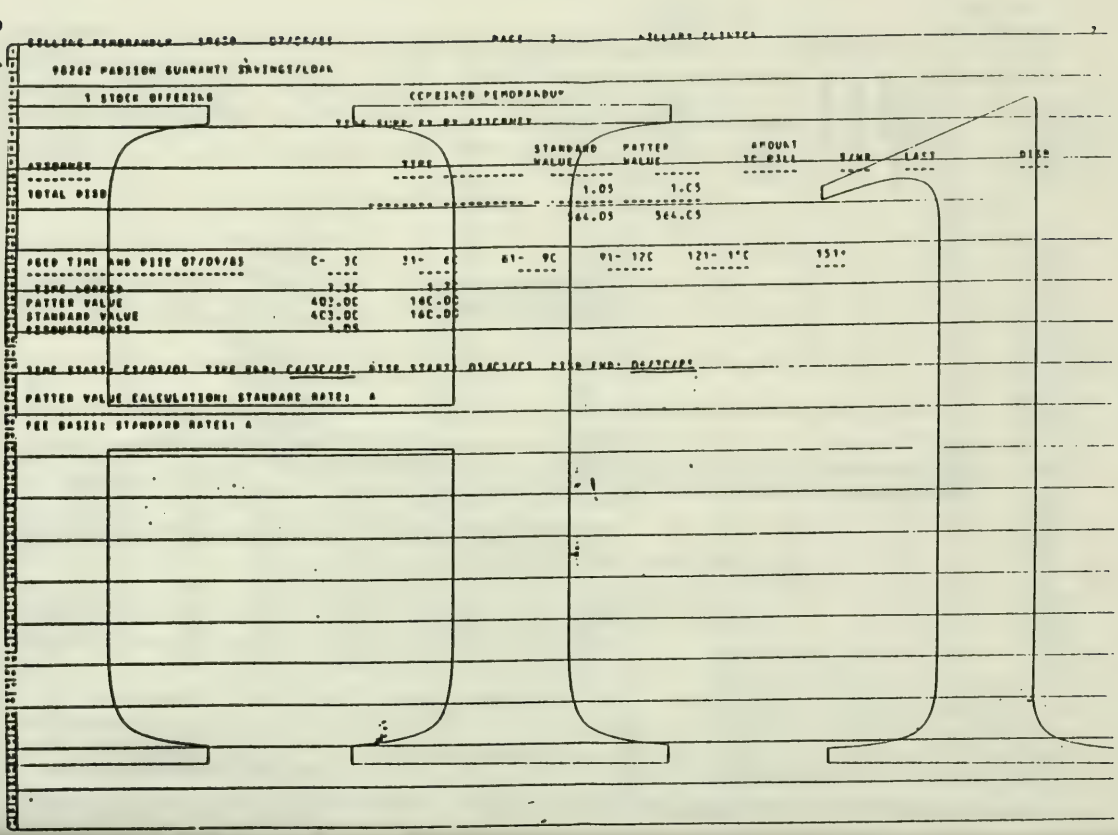
Bill Date ___/___/___ Format # 33 Bill Disposition: ✓ Print ___ No Print ___ Fleety

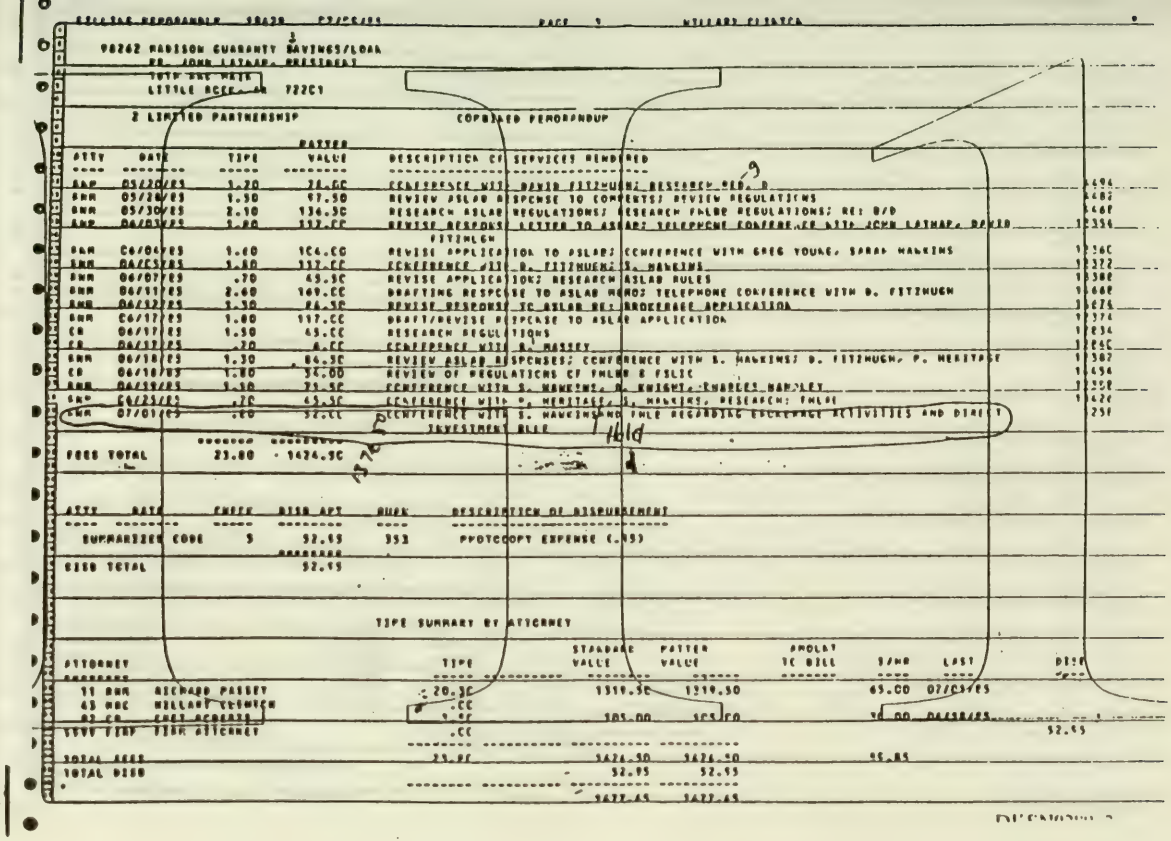
PROCESSING DATE ___/___/___ PROCESSED BY ___

DKSN028959

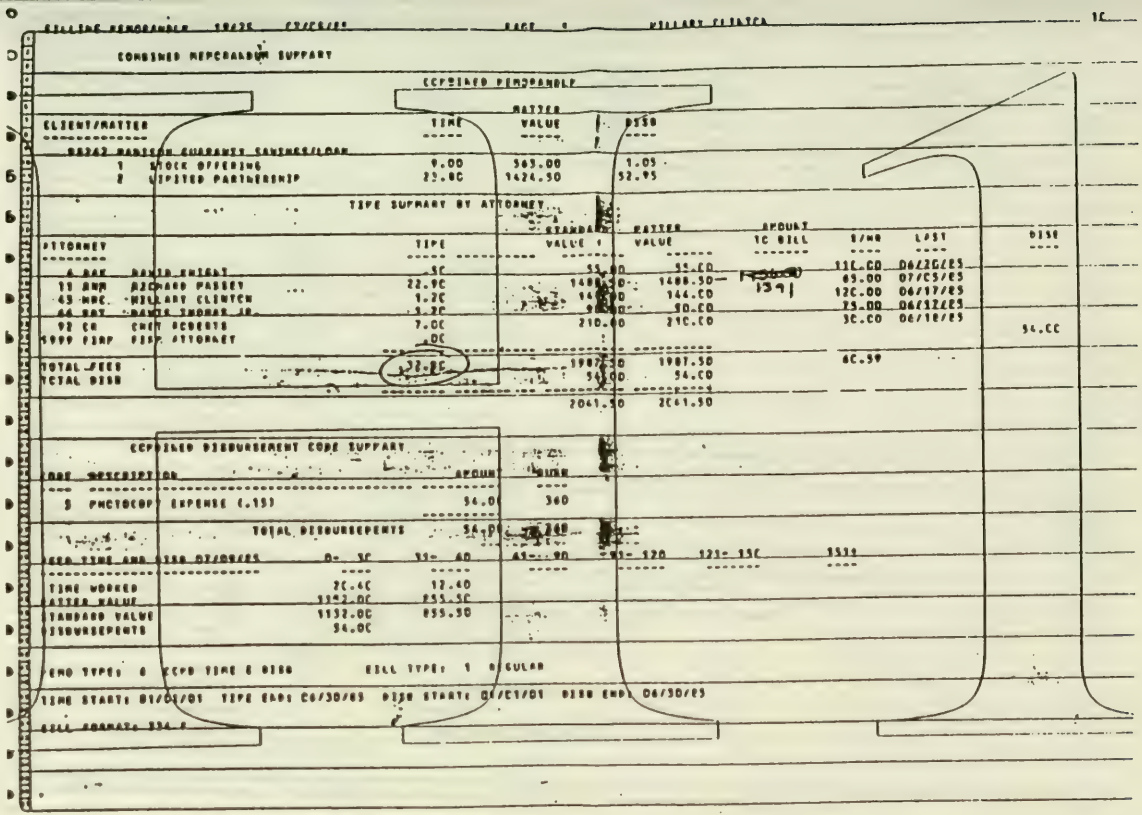


627


98262 MADISON GUARANTY SAVINGS/LOAN
1 STOCK OFFERING
CCPEIARD MEMORANDUM
STANDARD VALUE
PATTER VALUE
AMOUNT TO BILL
1.05
1.05
564.05
564.05
FEE TIME AND BASE 07/09/85
C- 3C
31- 6C
61- 9C
91- 12C
121- 1*C
151*
3.3C
3.3C
PATTER VALUE
402.0C
16C.0C
STANDARD VALUE
4C3.0C
16C.0C
3.05
PATTER VALUE CALCULATION: STANDARD RATE: A
FEE BASIS: STANDARD RATES: A



629



BILLING MEMORANDUM 10/25 CY/CS/ES PAGE 1 MILLARD FILLMORE

COMBINED MEMORANDUM SUMMARY

COMBINED MEMORANDUM

CLIENT/MATTER	TIME	MATTER VALUE	DISB
88342 MARYLAND GUARANTY SAVINGS/LOAN			
1 STOCK OFFERING	9.00	563.00	1.05
2 LIMITED PARTNERSHIP	23.00	1424.50	52.95

TIME SUMMARY BY ATTORNEY

ATTORNEY	TYPE	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	B/NO	LAST	DISB
A RAY DAVID PATENT	SC	55.00	55.CO		11C.CO	06/23/ES	
11 ANN RICHARD PASSEY	22.9C	1488.50	1488.50	1391	65.00	07/C5/ES	
45 HRC. HILLARY CLINTON	1.2C	144.00	144.CO		12C.00	06/17/ES	
44 RAY DAVID THOMAS JR.	1.2C	90.00	90.CO		75.00	06/12/ES	
92 CR CHET ROBERTS	7.0C	210.00	21C.CO		9C.CO	06/10/ES	54.CC
4999 FMP FIRM ATTORNEY	.0C						
TOTAL FEES		1987.50	1987.50		6C.59		
TOTAL DISB		54.00	54.CO				
		2041.50	2C41.50				

COMBINED DISBURSEMENT CODE SUMMARY

CODE	DESCRIPTION	AMOUNT	NUMBER
5	PHOTOCOPY EXPENSE (.15)	54.0C	360
	TOTAL DISBURSEMENTS	54.0C	360

USER TIME AND USER DISB/ES	0- 3C	31- 6C	61- 9C	91- 12C	121- 15C	151+
TIME WORKED	2C.4C	12.6C				
MATTER VALUE	1152.0C	855.5C				
STANDARD VALUE	1132.0C	855.5C				
DISBURSEMENTS	54.0C					

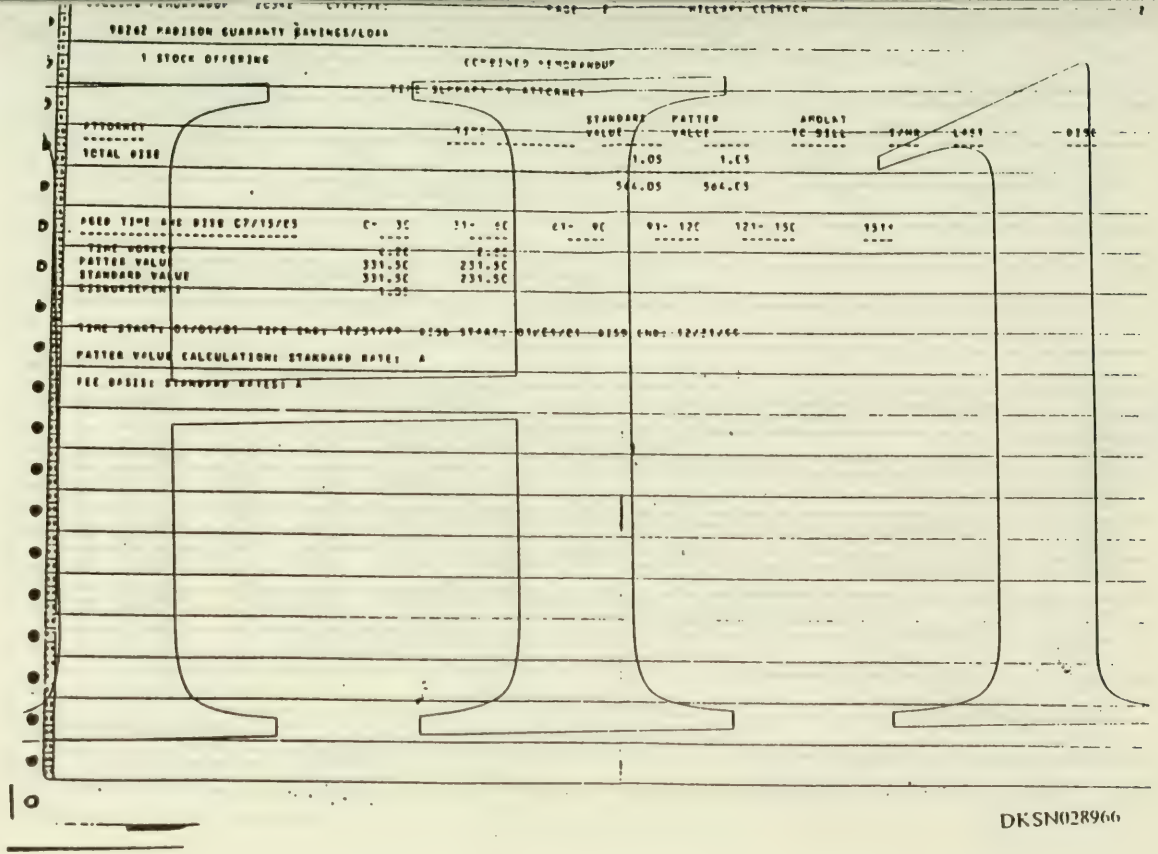
BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 06/30/85 DISB START: 01/01/01 DISB END: 06/30/85

BILL FORMAT: 334.0

631

DOCSNO28965


98262 MADISON GUARANTY SAVINGS/LOAN
1 STOCK OFFERING
STANDARD VALUE
PATTER VALUE
TOTAL USED
1.05
1.05
564.05
564.05
PATTER VALUE CALCULATIONS: STANDARD RATE: A

DKSN028966

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

rnm 552.50
gns 32.50
hrc 552.

CLIENT: 93250

DIVISION: GLAMORGAN SAVINGS/LD-A
RE: JOHN LATHROP, PRESIDENT
1ST AVE. PASS
LITTLE ROCK, AR 72201

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM 71A ID 71-0430040 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 1

STOCK OFFERING

07/03/85	B. PASSEY	CONFERENCE WITH J. SMITH (PHILE) REGARDING APPROVALS, NET CAP REQUIREMENTS AND REVIEW RECENT FINANCING
07/16/85	B. SPEED	RESEARCH INTO SECTION 4223 REQUIREMENTS FOR ISCP REGARDING PREFERRED STOCK OFFERING

TOTAL FOR SERVICES $78.00

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) $1.20

DISBURSEMENTS TOTAL $1.20

TOTAL THIS STATEMENT $79.20

Apply U/A

PAID 880.35
CK # _____
DATE 11-19-85

ROSE LAW FIRM

DKSN028970

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT 02252

MATTER: CLASSIFY SAVINGS/LOAN

8/31/85 Pg. 16

8-30-85 2

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0430808) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 2

LIMITED PARTNERSHIP

07/01/85	S. PASSEY	CONFERENCE WITH S. HAWKINS; EMPLOYMENT REGARDING BROKERAGE ACTIVITIES AND DIRECT INVESTMENT MEMO
07/09/85	S. PASSEY	CONFERENCE WITH J. LATHAM REGARDING APPLICATION; RESEARCH FHLB RULES; PREPARE FOR SHAREHOLDERS MEETING
07/10/85	W. CLINTON	TELEPHONE CONFERENCE WITH S. PASSEY
07/10/85	S. PASSEY	REVIEW HANDLEY COMMENTS ON APPLICATION; CONFERENCE WITH S. HAWKINS AND S. FITZHUGH; CONFERENCE WITH W. CLINTON
07/11/85	W. CLINTON	TELEPHONE CONFERENCE WITH S. PASSEY (2); TELEPHONE CONFERENCE WITH S. FITZHUGH (2); REVIEW MEMO
07/24/85	W. CLINTON	TELEPHONE CONFERENCE WITH S. PASSEY AND J. LATHAM
07/24/85	S. PASSEY	CONFERENCE WITH W. CLINTON; TELEPHONE CONFERENCES WITH J. LATHAM; DRAFTING RESPONSE TO HANDLEY MEMO
07/25/85	S. PASSEY	MEETING WITH J. LATHAM; DRAFTING AND REVISE RESPONSE TO HANDLEY MEMO; DELIVERY AND CONFERENCE WITH S. BASSETT; C. HANDLEY
07/29/85	S. PASSEY	CONFERENCE WITH J. LATHAM; REVIEW HANDLEY MEMO

TOTAL FOR SERVICES $795.

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15)	42.15
DISBURSEMENTS TOTAL	$42.
TOTAL THIS STATEMENT	$837.

ROSE LAW FIRM

DKSN02897

A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 98256

RE: DEPOSITION GUARANTY SAVINGS/LOAN AUGUST 8, 1990

PAGE 2

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM 120 E. FOURTH - RETURN THIS STUB WITH YOUR CHECK

*** COMBINED TOTALS ***

TOTAL FOR SERVICES, ALL MATTERS	$127.00
TOTAL FOR DISBURSEMENTS, ALL MATTERS	143.39
TOTAL THIS STATEMENT, ALL MATTERS	$270.39

ROSE LAW FIRM

DKSN028972

MEMO # 72376 CLIENT # 98262 MATTER # 1 MEMO TYPE ___

DATE RECEIVED ___/___/___ DATE PREPARED ___/___/___ BY _____

Needed		Done	By	Needed		Done	By
___	Cancel Memo	___	_____	___	WIP Text Edit	___	_____
___	Content Edit	___	_____	___	Bill. Text Edit	___	_____
✓	B & R Input	___	_____	___	Delete	___	_____
				___	Transfer Out	___	_____
				___	Hold Partial	___	_____
				___	Add From WIP	___	_____

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 837.	$ 837.
DISBURSEMENTS	$ 43.35	$ 43.35

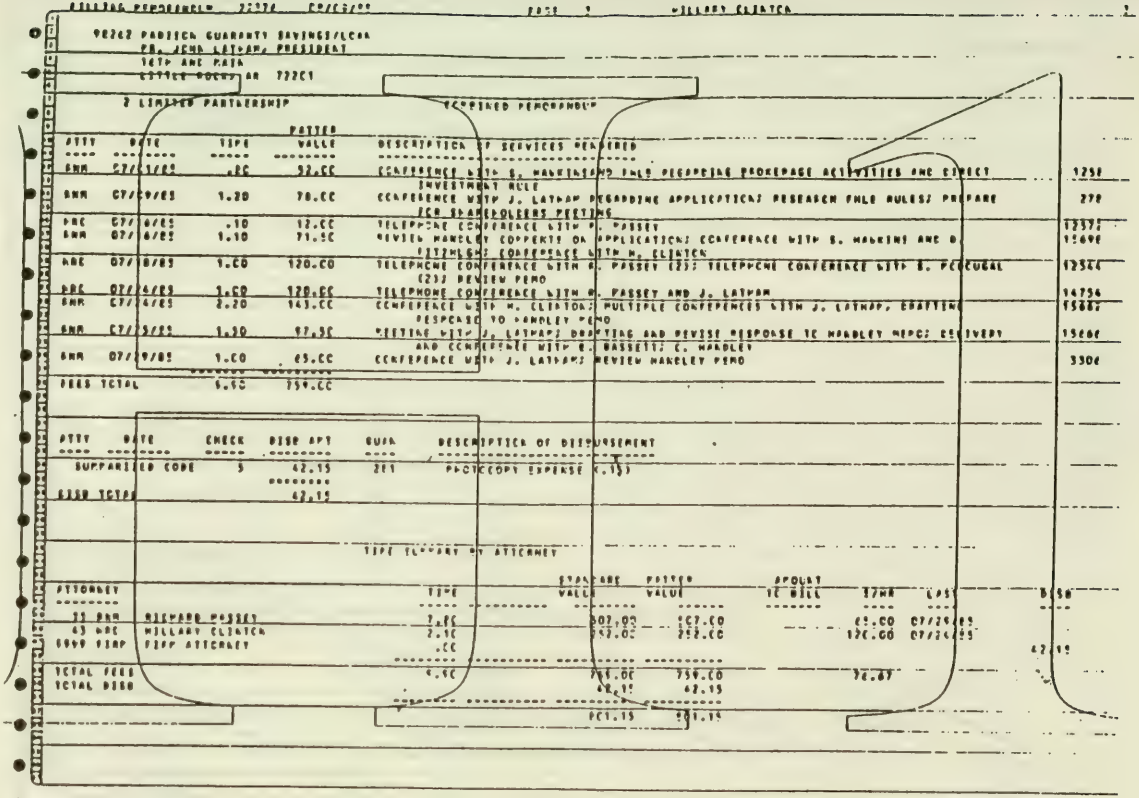
Prepare Fee Credits (Y/N) Y

Bill Date ___/___/___ Format # 33 Bill Disposition: ✓ Print ___ No Print ___ Floppy

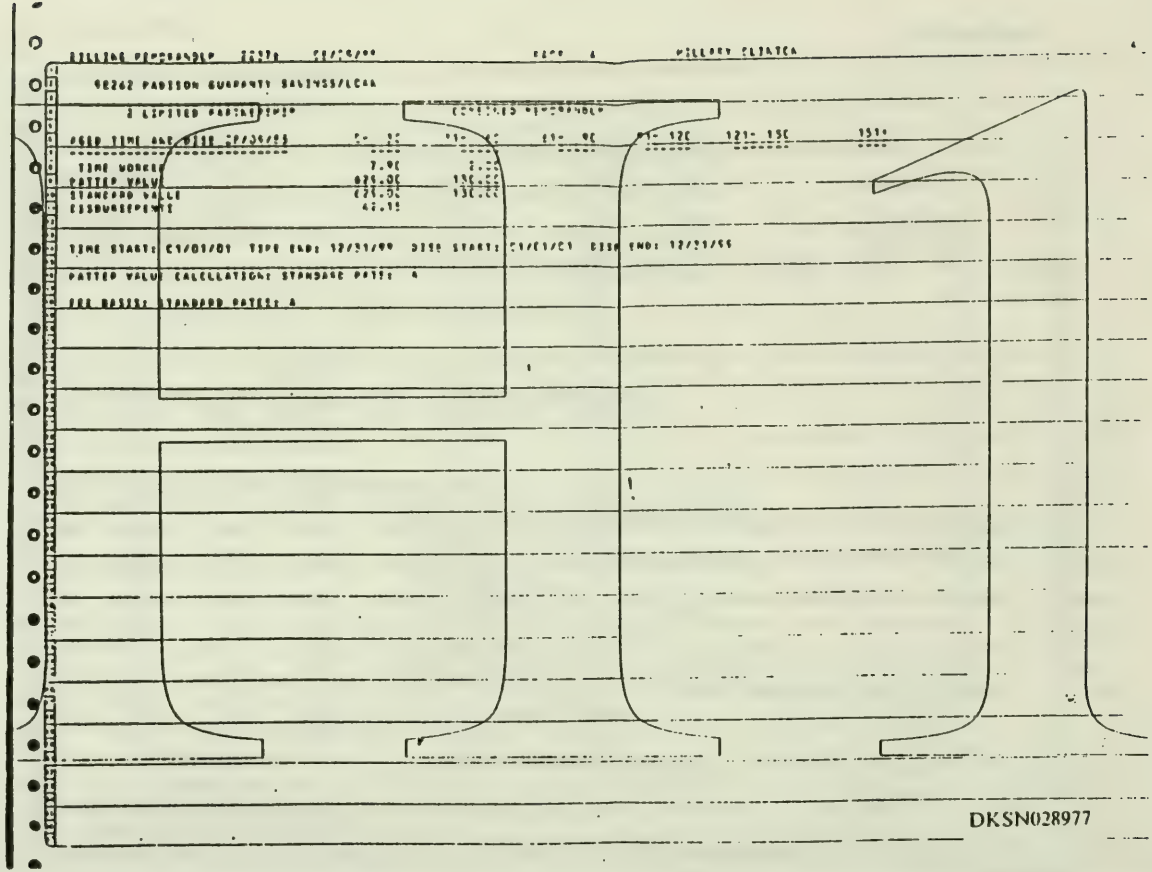
PROCESSING DATE ___/___/___ PROCESSED BY _____

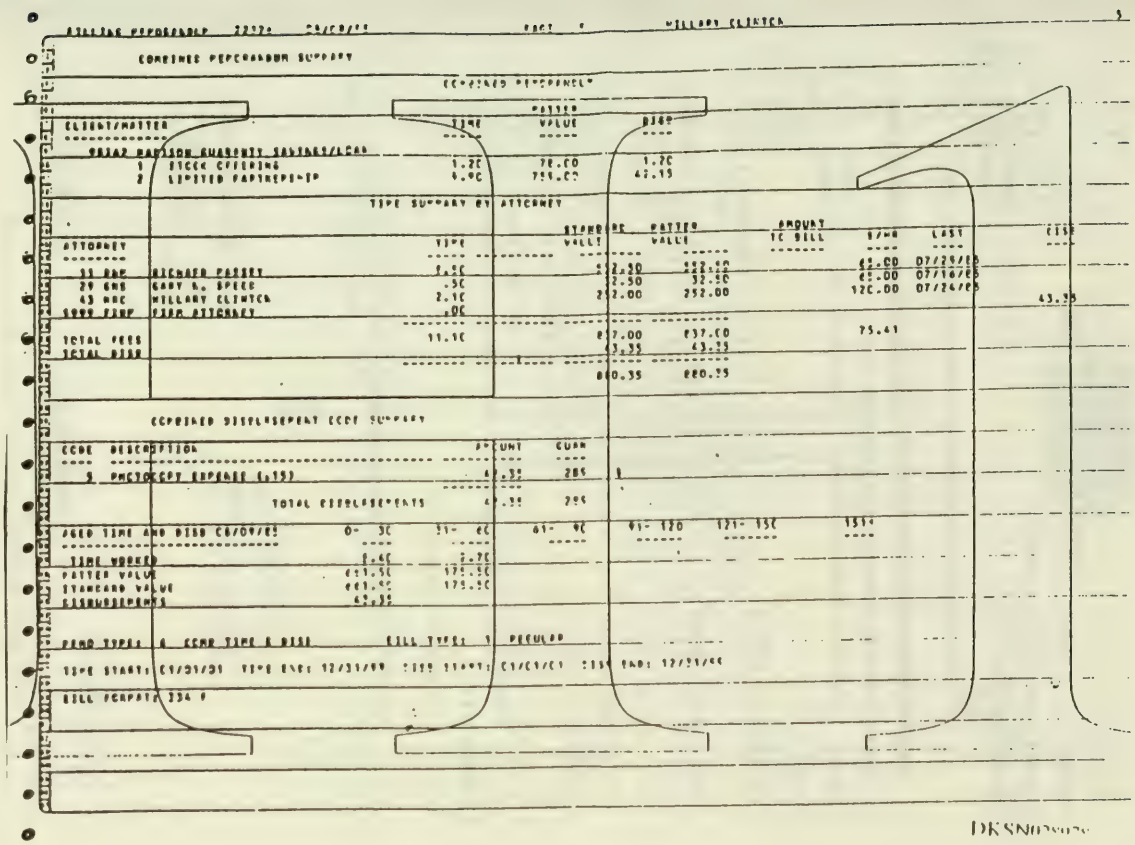
DKSN028973

IDKSN028975



DKSN028976


98262 MADISON SUPPORTS SAVINGS/LOAN
TIME WORKED
PATTERN VALUE
STANDARD VALUE
DISBURSEMENTS
TIME START: 01/01/01 TIME END: 12/31/99
PATTERN VALUE CALCULATION: STANDARD RATES
DKSN028977



645

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 02202

MADISON GUARANTY SAVINGS/LOAN
16TH AND MAIN STREETS
LITTLE ROCK, AR 72202

SEPTEMBER 20, 1985
INVOICE # 709

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430040 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 3

S.B.C.

08/06/85	T. THRASH	REVIEW CONTRACT FOR SALE
08/07/85	T. THRASH	TELEPHONE CONFERENCES WITH SETH HARD AND CHARLIE COCK; MAKE CHANGES IN DOCUMENTS
08/07/85	T. THRASH	TELEPHONE CONFERENCE WITH CHERYL SCHEER REVIEW CHANGES IN AGREEMENT; CORRESPONDENCE TO ALL PARTIES
08/19/85	T. THRASH	TELEPHONE CONFERENCE WITH CHERYL SCHEER AND CHARLIE COCK
08/19/85	T. THRASH	MEETING WITH SETH HARD, BOB WILSON AND CHARLIE COCK; ATTEND SBC BOARD MEETING
08/22/85	T. THRASH	PREPARE CORPORATE RESOLUTIONS; TELEPHONE CONFERENCE WITH SETH HARD

TOTAL FOR SERVICES $476.00

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) 15.30

DISBURSEMENTS TOTAL $15.30

TOTAL THIS STATEMENT $654.30

WA

PAID 654.30
CK # 1179-85
DATE: 9-25-85

ROSE LAW FIRM

DKSN028979

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

tpt

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM TAX ID 71-0430140 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

TELEPHONE CONFERENCE WITH SETH HARRIS
TELEPHONE CONFERENCE WITH CLERK'S OFFICE
AT LEAST ABSTRACT
TELEPHONE CONFERENCE WITH PLAT BOOK,
PEGGY ROGERS; REVIEW TITLE OPINION
TELEPHONE CONFERENCE WITH SETH
ROGERS, STEVE KAPLAN IN FULL SCOPE AND
SETH HARRIS ATTEND CLOSING
MEETING WITH SETH HARRIS REVIEW ROLL OF
ASSURANCES

TOTAL FOR SERVICES
TOTAL THIS STATEMENT

N/A

PAID 550.00
CK # [illegible]
DATE 11-19-85

DKSN028980

ROSE LAW FIRM

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

hrc 232.5

6996

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM 71-0435010 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED BY H. CLINTON AND B. PASSEY IN CONNECTION WITH:

MATTER: &

GENERAL

FOR SERVICES RENDERED THROUGH OCTOBER 31, 1985:
CONFERENCE WITH J. LATHAM REGARDING CAPITAL PLANS; RESEARCH ASLE AND FHLB LAWS; CONFERENCE WITH P. HERITAGE REGARDING MASS MARKET OF STOCK; TELEPHONE CONFERENCE WITH S. HAWKINS REGARDING BUSINESS PLAN FOR MSSL; CONFERENCE WITH S. HAWKINS REGARDING PROPOSED CONFERENCE WITH FHLB SUPERVISORS; BUSINESS PLANS; REVIEW LETTER TO BARNETT; TELEPHONE CONFERENCE WITH J. LATHAM; CONFERENCE WITH D. KNIGHT; PREPARATION OF AUDITOR'S REQUEST/RESPONSE LETTERS; RELATED RESEARCH.

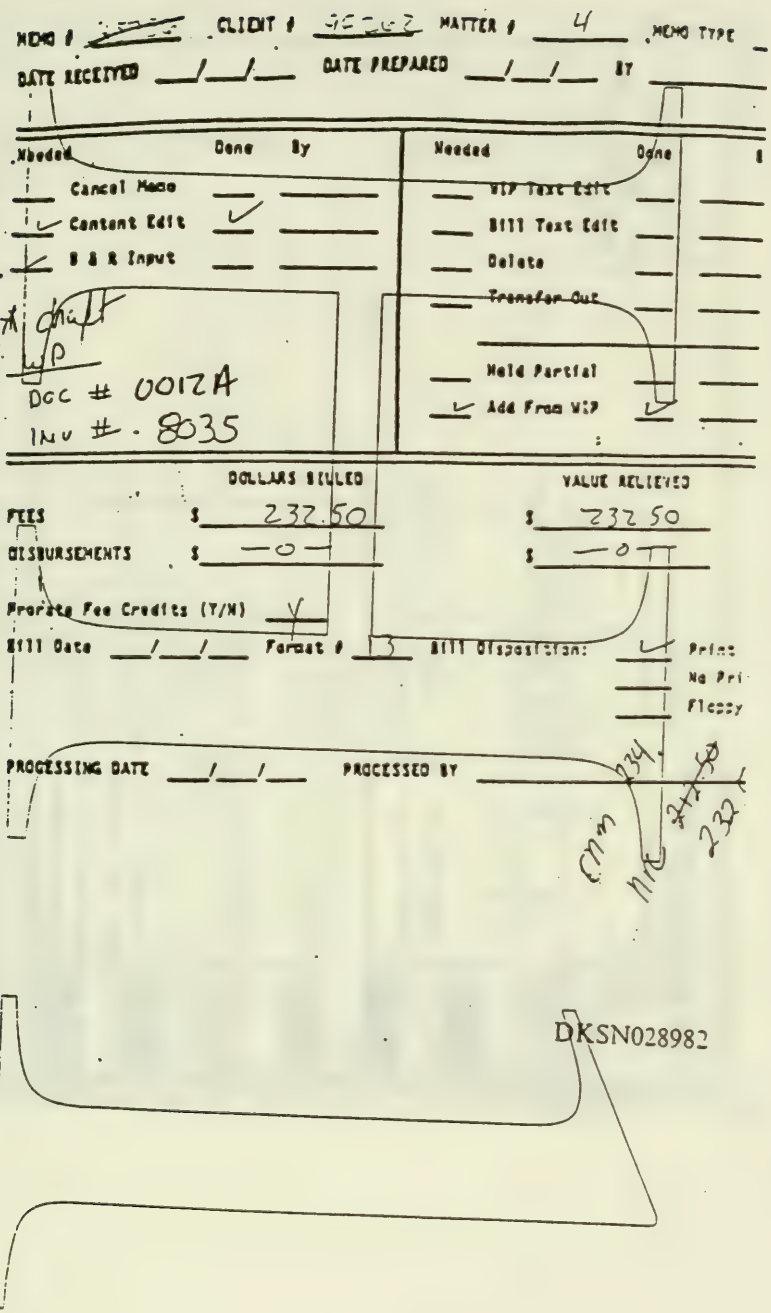
TOTAL FOR SERVICES $466.50

TOTAL THIS STATEMENT $466.50

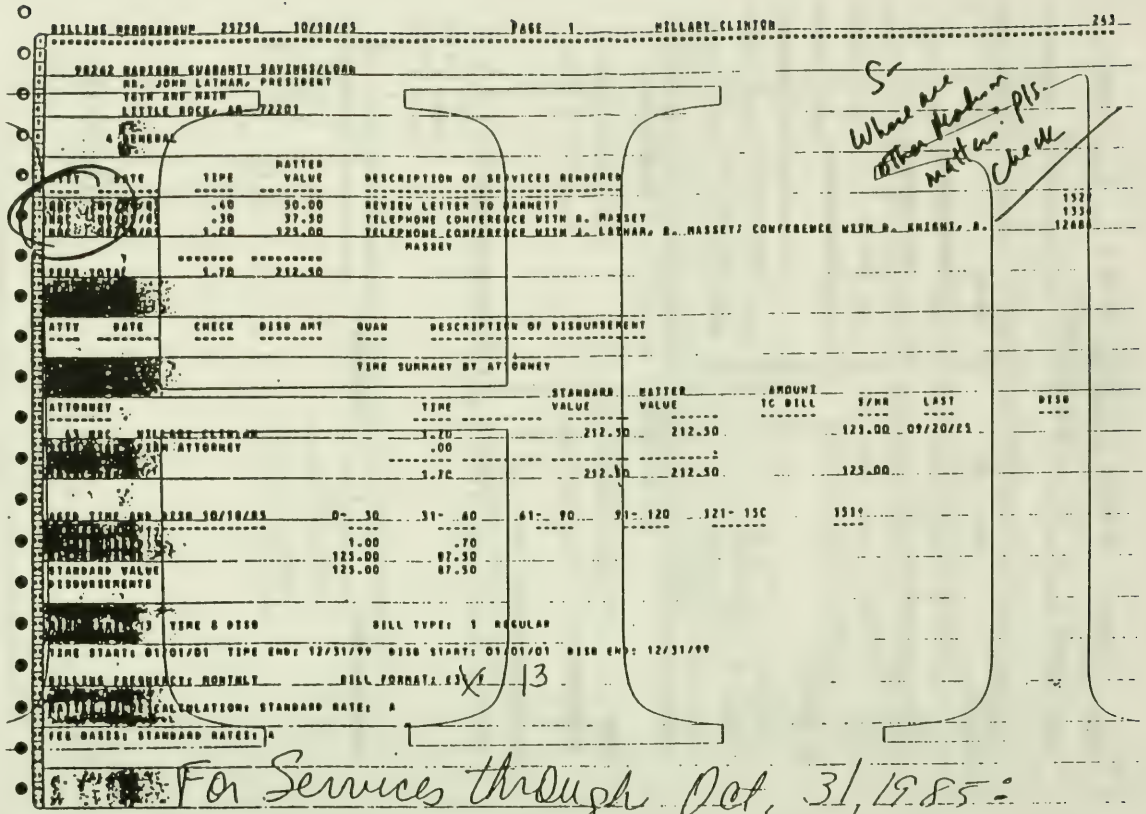
PAID 466.50
CK # 6996
DATE 12-10-85

ROSE LAW FIRM

DKSN028981


MEMO # [redacted] CLIENT # [redacted] MATTER # 4 MEMO TYPE
DATE RECEIVED __/__/__ DATE PREPARED __/__/__ BY
Needed Done By
Cancel Memo
Content Edit
B & R Input
Needed Done
WIP Text Edit
Bill Text Edit
Delete
Transfer Out
Hold Partial
Add From WIP
Doc # 0012A
INV #. 8035
DOLLARS BILLED
VALUE RELIEVED
FEES $ 232.50 $ 232.50
DISBURSEMENTS $ -0- $ -0-
Prorate Fee Credits (Y/N) Y
Bill Date __/__/__ Format # 3 Bill Disposition:
Print
No Pri
Floppy
PROCESSING DATE __/__/__ PROCESSED BY
234
232

DKSN028982



BILLING MEMORANDUM 23736 10/18/85 PAGE 1 HILLARY CLINTON 263

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
10TH AND MAIN
LITTLE ROCK, AR 72201

GENERAL

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED
[redacted]	[redacted]	.40	50.00	REVIEW LETTER TO BARNETT
[redacted]	[redacted]	.30	37.50	TELEPHONE CONFERENCE WITH B. MASSEY
[redacted]	[redacted]	1.20	125.00	TELEPHONE CONFERENCES WITH J. LATHAM, B. MASSEY; CONFERENCE WITH B. KNIGHT, A. MASSEY
[redacted]		1.70	212.50	

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
[redacted]	1.70	212.50	212.50		125.00	09/20/85	
[redacted]	.00						
[redacted]	1.70	212.50	212.50		125.00		

	DISB 10/18/85	0- 30	31- 60	61- 90	91- 120	121- 150	151+
[redacted]							
[redacted]	1.00		.70				
[redacted]	125.00		87.50				
STANDARD VALUE	125.00		87.50				
DISBURSEMENTS							

[redacted] TIME & DISB BILL TYPE: 1 REGULAR

TIME STARTS: 01/01/01 TIME ENDS: 12/31/99 DISB STARTS: 01/01/01 DISB ENDS: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: [redacted] X/ 13

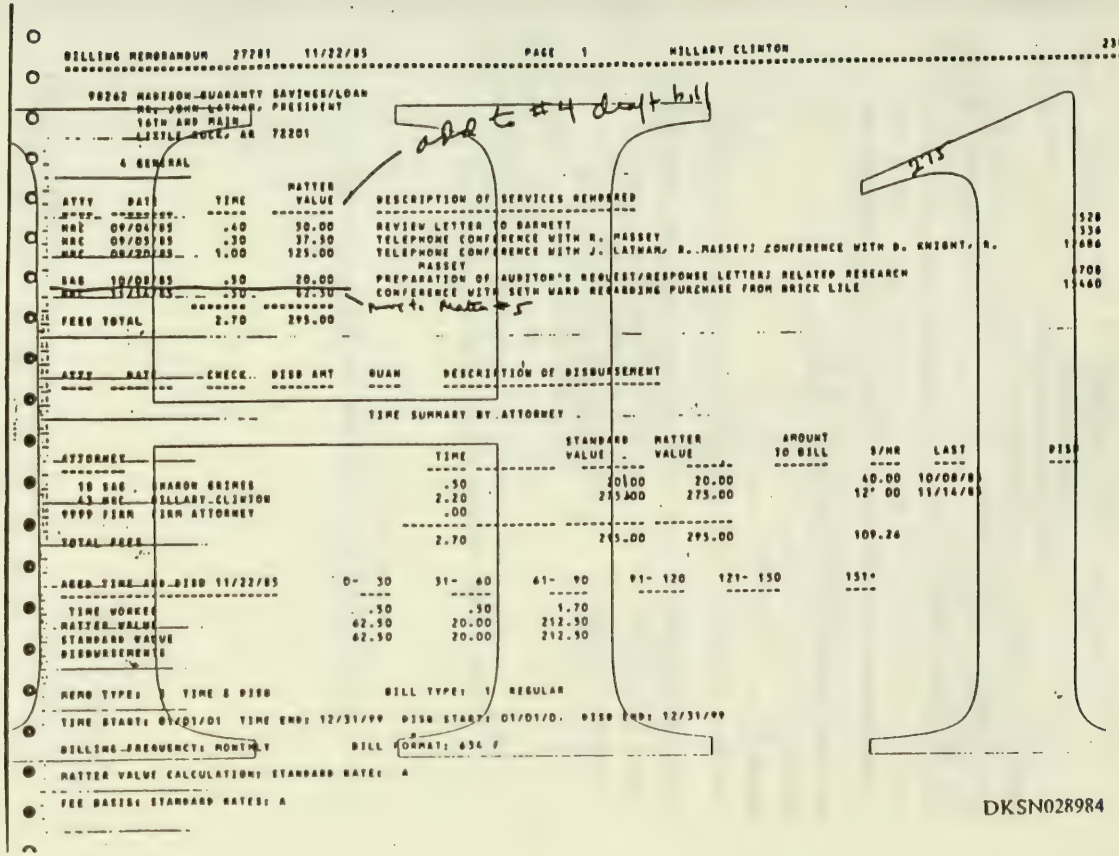
[redacted] CALCULATION: STANDARD RATES: A

FEE BASIS: STANDARD RATES: A

[redacted] For Services through Oct. 31, 1985.

5- Where are other Madison matters? Pls. Chelle

650



BILLING MEMORANDUM 27281 11/22/85 PAGE 1 HILLARY CLINTON 238

98262 MADISON GUARANTY SAVINGS/LOAN
RE: JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

add E #4 draft bill

275

4 GENERAL

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
HRC	09/04/85	.40	50.00	REVIEW LETTER TO BARNETT	528
HRC	09/05/85	.30	37.50	TELEPHONE CONFERENCE WITH R. MASSEY	536
HRC	09/20/85	1.00	125.00	TELEPHONE CONFERENCE WITH J. LATHAM, B. MASSEY; CONFERENCE WITH D. KNIGHT, R. MASSEY	14686
SAG	10/08/85	.50	20.00	PREPARATION OF AUDITOR'S REQUEST/RESPONSE LETTER; RELATED RESEARCH	6708
HRC	11/14/85	.30	37.50	CONFERENCE WITH SETH WARD REGARDING PURCHASE FROM BRICK LILE	15460
FEES TOTAL		2.70	295.00		

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
10 SAG SHARON GRIMES	.50	20.00	20.00	40.00	10/08/85		
43 HRC HILLARY CLINTON	2.20	275.00	275.00	12* 00	11/14/85		
9999 FIRM FIRM ATTORNEY	.00						
TOTAL FEES	2.70	295.00	295.00	109.26			

AGED TIME AND DISB 11/22/85	0- 30	31- 60	61- 90	91- 120	121- 150	151*
TIME WORKED	.50	.50	1.70			
MATTER VALUE	62.50	20.00	212.50			
STANDARD VALUE	62.50	20.00	212.50			
DISBURSEMENTS						

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/0. DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 634 /

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

DKSN028984

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 7620?

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

SEPTEMBER 12, 1995
INVOICE # 6996

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0428358 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 4

GENERAL

06/19/85	R. MASSEY	CONFERENCE WITH JOHN LATHAM REGARDING CAPITAL PLANS, RESEARCH ASLAB & FHLBB LAWS
06/20/85	R. MASSEY	CONFERENCE WITH P. HERITAGE, REGARDING MBS MARKET OF STOCK
07/11/85	R. MASSEY	TELEPHONE CONFERENCE WITH S. HAWKINS REGARDING BUSINESS PLAN FOR MGSL
07/12/85	R. MASSEY	CONFERENCE WITH S. HAWKINS REGARDING PROPOSED CONFERENCE WITH FHLBB SUPERVISORS BUSINESS PLAN

TOTAL FOR SERVICES $234.00

TOTAL THIS STATEMENT $234.00

ROSE LAW FIRM

DKSN028985

MEMO # 22867 CLIENT # 98262 MATTER # 4 MEMO TYPE

DATE RECEIVED __/__/__ DATE PREPARED __/__/__ BY

Needed		Done	By	Needed		Done	By
	Cancel Memo				WIP Text Edit		
	Content Edit				Bill Text Edit		
V	B & R Input				Delete		
					Transfer Out		
					Hold Partial		
					Add From WIP		

014.1A
WP

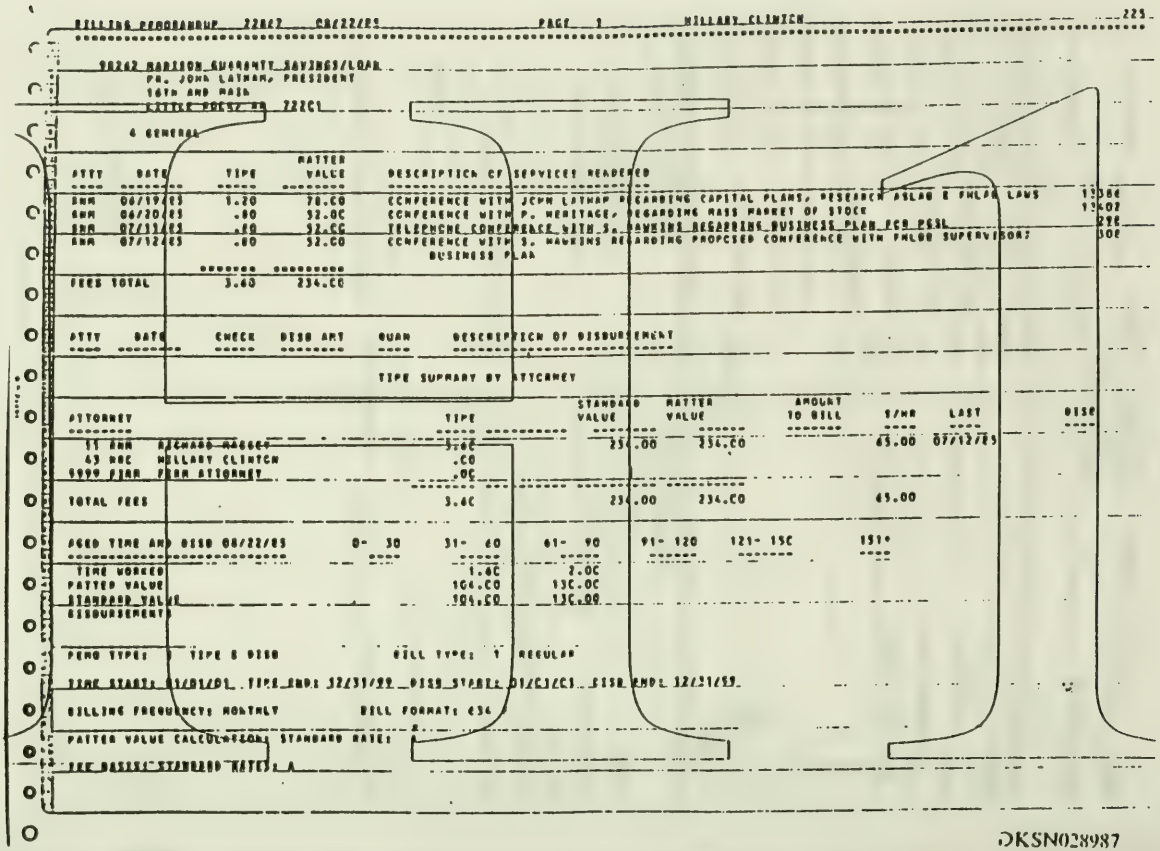
	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 234.	$ 234.
DISBURSEMENTS	$ -0-	$ -0-

Prorate Fee Credits (Y/N) V

Bill Date __/__/__ Format # 33 Bill Disposition: Print
No Print
Floppy

PROCESSING DATE __/__/__ PROCESSED BY

DKSN028986



BILLING PROGRAMMUP 2282? 08/22/85 PAGE 1 HILLARY CLINTON 225

98242 HARRISON GUARANTY SAVINGS/LOAN
PR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

A GENERAL

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
RHM	06/19/85	1.20	78.00	CONFERENCE WITH JOHN LATHAM REGARDING CAPITAL PLANS, RESEARCH ASLAB E FHLBB LAWS	13D6 13A02
RHM	06/20/85	.80	52.00	CONFERENCE WITH P. HERITAGE, REGARDING MASS MARKET OF STOCK	22E
RHM	07/11/85	.40	52.00	TELEPHONE CONFERENCE WITH S. HAWKINS REGARDING BUSINESS PLAN FOR PESL	30E
RHM	07/12/85	.80	52.00	CONFERENCE WITH S. HAWKINS REGARDING PROPOSED CONFERENCE WITH FHLBB SUPERVISORS BUSINESS PLAN	
FEES TOTAL		3.40	234.00		

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
11 RHM	RICHARD MASSEY	1.60	234.00	234.00	65.00	07/12/85		
43 HRC	HILLARY CLINTON	.00						
9999 FIAR	FIRM ATTORNEY	.00						
TOTAL FEES		3.40	234.00	234.00	65.00			

AGED TIME AND DISB 08/22/85	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED		1.0C	2.0C			
MATTER VALUE		104.C0	13C.0C			
STANDARD VALUE		104.C0	13C.00			
DISBURSEMENTS						

FEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 434

MATTER VALUE CALCULATION: STANDARD RATES

USE BASIC STANDARD RATES: A

654

DKSN028987

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

PAID 89.51
CK #
DATE: 12-10-85

ROSE LAW FIRM

DKSN028988

ROSE LA[illegible] FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: [illegible]

PEOPLES GUARANTY SAVINGS/LOAN
ATT: JOHN [illegible], PRESIDENT
19TH AND MAIN
LITTLE ROCK, ARKANSAS 72201

JANUARY 31, 1986

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID #71-0435014 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH JANUARY 30, 1986 BY R. GARRETT:

MATTER # 3 - SINGLE SCLDEX

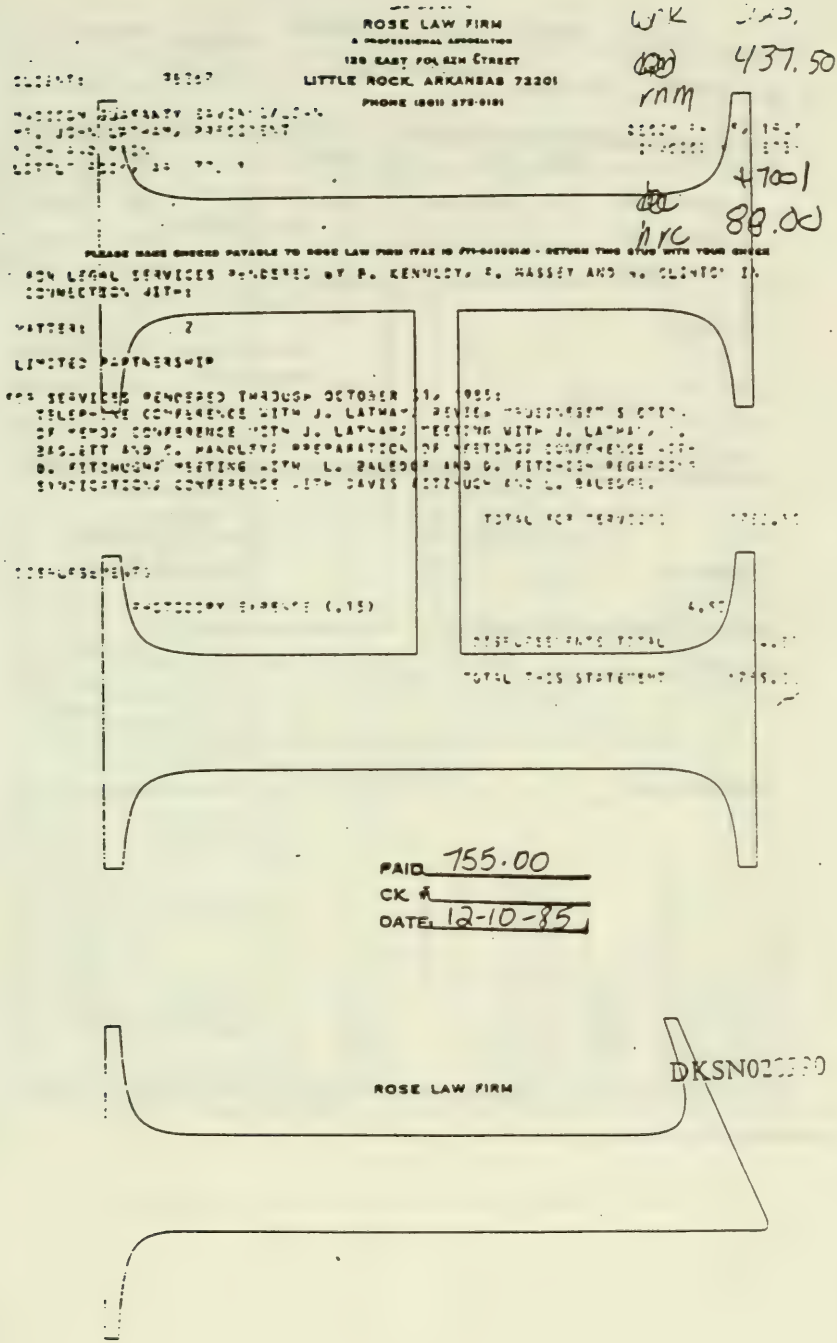
REVIEW OF LOAN DOCUMENTS; TELEPHONE CONFERENCE WITH COLORADO ATTORNEY.

TOTAL ATTORNEY FEES	155.00
DISBURSEMENTS	
LONG DISTANCE TELEPHONE CHARGES	4.51
DISBURSEMENTS TOTAL	4.51
TOTAL MATTER 3:	$159.51

!A/R transfer 12-9-86 done

ROSE LAW FIRM

DKSN028989



ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

WK
437.50
rnm
+700
88.00
hrc

PAID 755.00
CK #
DATE 12-10-85

ROSE LAW FIRM

MEMO # 21640 CLIENT # 98742 MATTER # 2 MEMO TYPE

DATE RECEIVED __/__/__ DATE PREPARED __/__/__ BY

Needed		Done	By	Needed		Done	By
	Cancel Memo				WIP Text Edit		
	Content Edit				Bill Text Edit		
✓	B & R Input				Delete		
					Transfer Out		
					Hold Partial		
					Add From WIP		

* draft

Doc# 00144

INV # 8036

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 722.50	$ 722.50
DISBURSEMENTS	$ 2.40	$ 2.40

Prorate Fee Credits (Y/N) Y

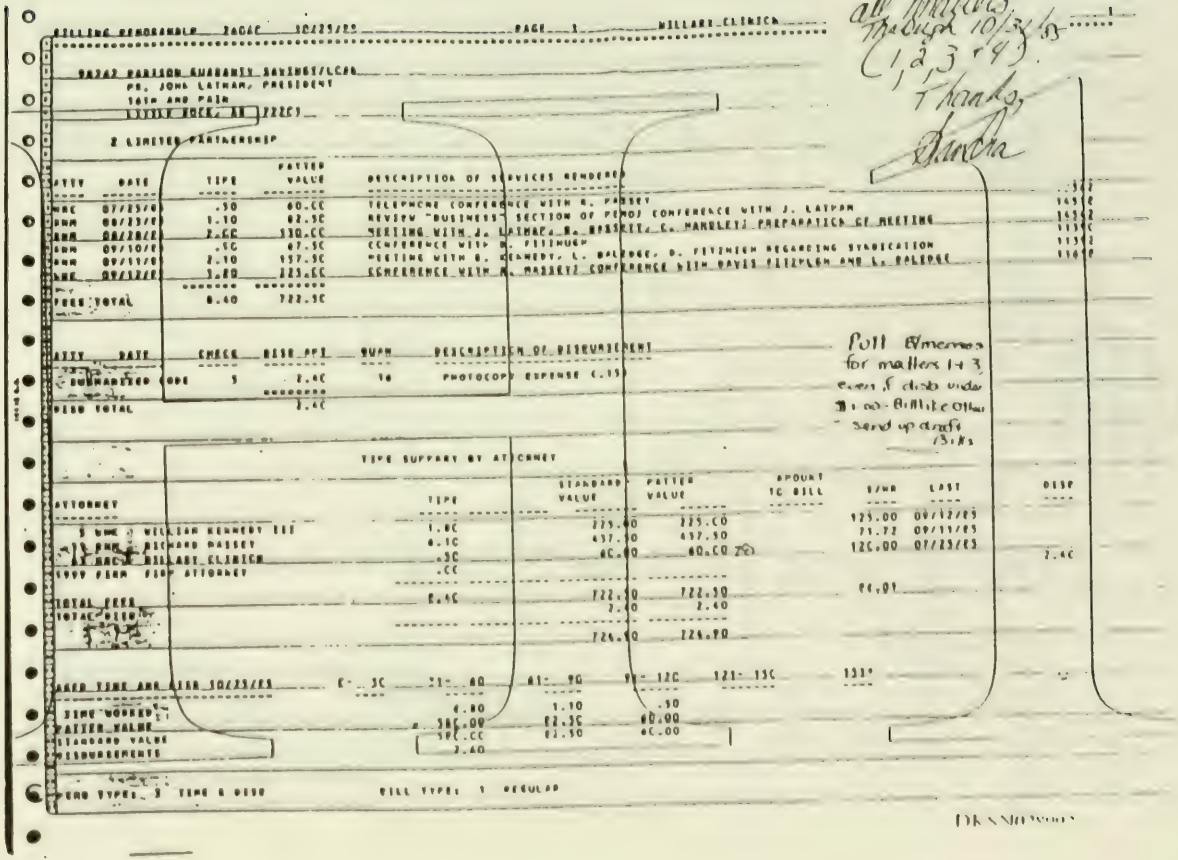
Bill Date __/__/__ Format # 13 Bill Disposition: ✓ Print

No Print

Fiesty

PROCESSING DATE __/__/__ PROCESSED BY

DKSN028991



BILLING MEMORANDUM 10/25/85 PAGE 1 BILLARD CLINICH

all matters
Through 10/31/85
(1, 2, 3 + 4).
Thanks,
Sandra

94342 HARRISON GUARANTY SAVINGS/LC/PA
PR. JOHN LATHAM, PRESIDENT
16th AND PARK
LITTLE ROCK, AR 72203

A LIMITED PARTNERSHIP

ATTY	DATE	TIME	POSTED VALUE	DESCRIPTION OF SERVICES RENDERED
WRC	07/25/85	.50	60.CC	TELEPHONE CONFERENCE WITH R. MASSEY
DNM	08/23/85	1.10	82.5C	REVIEW "BUSINESS" SECTION OF PEMOJ CONFERENCE WITH J. LATHAM
DNM	08/28/85	2.CC	330.CC	MEETING WITH J. LATHAM, R. MASSEY, C. MANDLEY; PREPARATION OF MEETING
DNM	09/10/85	.5C	67.5C	CONFERENCE WITH M. FITZPATRICK
DNM	09/11/85	2.10	157.5C	MEETING WITH R. KENNEDY, L. BALDREE, D. FEYERICH REGARDING SYNDICATION
WRC	09/12/85	1.80	225.CC	CONFERENCE WITH R. MASSEY; CONFERENCE WITH DAVIS FITZPATRICK AND L. BALDREE
FEES TOTAL		8.40	722.5C	

ATTY	DATE	CHECK	DISB PPI	SUMM	DESCRIPTION OF REIMBURSEMENT
SUBMARKED CODE		5	2.4C	16	PHOTOCOPY EXPENSE (.15)
DISB TOTAL			2.4C		

Full Memos for matters 1+3 seen & disc with Bill & Other - send up drafts B.R.s

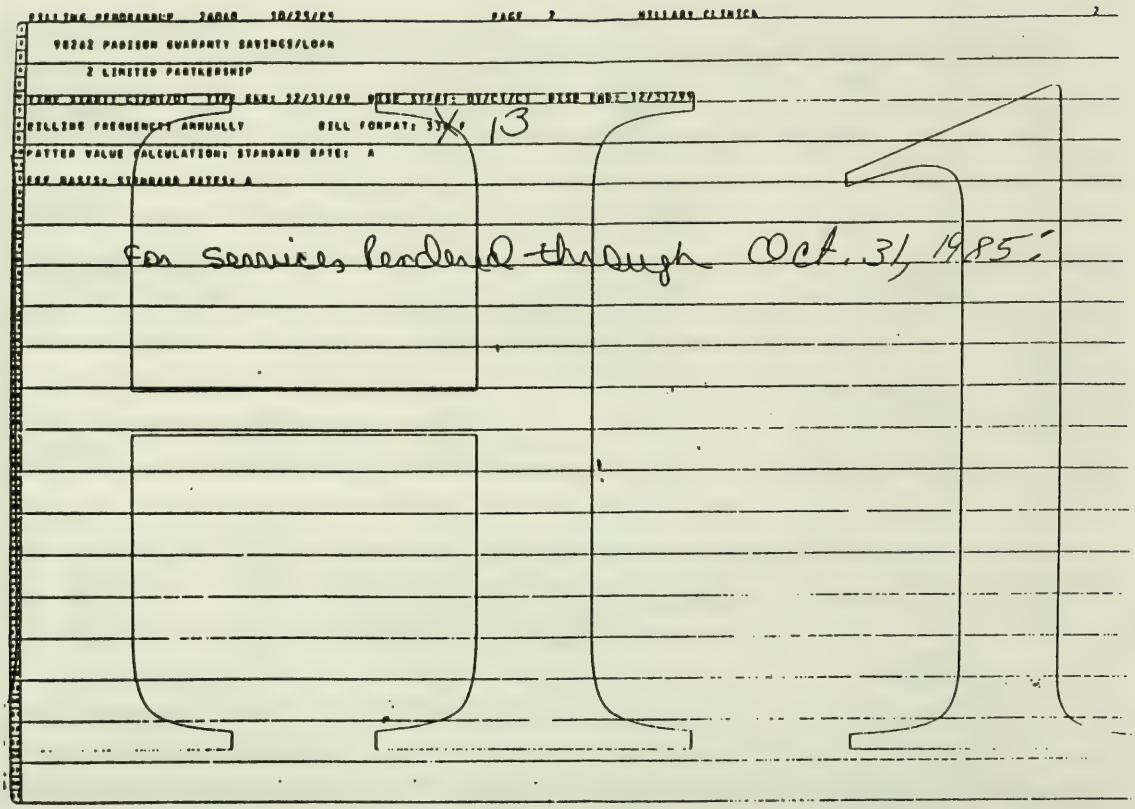
TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	POSTED VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
DNM - WILLIAM KENNEDY III	1.8C	225.CC	225.CC		125.00	09/12/85	
DNM - RICHARD MASSEY	6.1C	457.5C	457.5C		71.72	09/11/85	
WRC - BILLARD CLINICH	.5C	60.CC	60.CC		120.00	07/25/85	2.4C
9999 FIRM FIRM ATTORNEY	.CC						
TOTAL FEES	8.5C	722.5C	722.5C		84.91		
TOTAL DISB		2.4C	2.4C				
		724.9C	724.9C				

RECD TIME AND DISB 10/25/85	E- 5C	51- 8C	81- 9C	91- 12C	121- 15C	151+
TIME WORKED		6.8C	1.1C	.5C		
MATTER VALUE		385.CC	82.5C	60.CC		
STANDARD VALUE		391.CC	82.5C	60.CC		
DISBURSEMENTS		2.4C				

END TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

659


90202 MADISON GUARANTY SAVINGS/LOAN
2 LIMITED PARTNERSHIP
BILLING FREQUENCY: ANNUALLY
BILL FORMAT: 3
PAYOFF VALUE CALCULATION: STANDARD RATE: A
X 13
For services rendered through Oct. 31, 1985:

LAW OFFICES OF

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

PHONE (501) 375-9131

CLIENT: 98262

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

SEPTEMBER 12, 1989
INVOICE # 7091

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0236509) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 2

LIMITED PARTNERSHIP

08/21/89	H. CLINTON	TELEPHONE CONFERENCE WITH J. LATHAM	
		TOTAL FOR SERVICES	$28.00

DISBURSEMENTS

	PHOTOCOPY EXPENSE (.15)	2.10	#1
	DISBURSEMENTS TOTAL		$2.10
	TOTAL THIS STATEMENT		$30.10

Combine w/ prior bill

ROSE LAW FIRM

DKSN028994

MEMO # 23118 CLIENT # 98262 MATTER # 2 MEMO TYPE

DATE RECEIVED __/__/__ DATE PREPARED __/__/__ BY

Needed		Done	By
	Cancel Memo		
	Content Edit		
V	B & R Input		

Needed		Done	
	WIP Text Edit		
	Bill Text Edit		
	Delete		
	Transfer Out		
	Hold Partial		
	Add From WIP		

044 391
WP

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 28.	$ 28.
DISBURSEMENTS	$ 2.10	$ 2.10

Prorate Fee Credits (Y/N) V

Bill Date __/__/__ Format # 33 ~~Bill Disposition:~~ Print / No Prt / Fiscy

PROCESSING DATE __/__/__ PROCESSED BY

DRSN02899

wnk 100.
rnm 555.
rtc 90.
17000

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0435015 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED BY B. KENNEDY, D. THOMAS AND P. PASSEY IN CONNECTION WITH:

STOCK OFFERING

FOR SERVICES RENDERED THROUGH OCTOBER 31, 1985:
REVISE AGREEMENT; NUMEROUS TELEPHONE CONFERENCES WITH [illegible]
COVERT TELEPHONE CONFERENCES WITH SETH WARD; TELEPHONE
CONFERENCE WITH DARRELL DOVER'S SECRETARY; BEGIN DRAFTING
MINUTES; OFFERING CIRCULAR; DRAFT AND REVISE OFFERING CIRCULAR;
CONFERENCE WITH J. LATHAM AND D. FITZHUGH; RESEARCH [illegible]
SECURITIES AND FMLC RULES; REVISE OFFERING CIRCULAR AND
MINUTES.

TOTAL FOR SERVICES [illegible]

TOTAL THIS STATEMENT [illegible]

PAID 745.00
CK # [illegible]
DATE 12-10-85

ROSE LAW FIRM

DKSN028997

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

[illegible] EAST [illegible] STREET

[illegible] LITTLE ROCK, ARKANSAS 72201

PHONE (501) 375-9131

[illegible]

[illegible]

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (FAX ID 371-2000RS) - DETACH THIS STUB WITH YOUR CHECK

SUMMARY BY MATTERS

1	STOCK OFFERING	$745.00
2	LIMITED PARTNERSHIP	[illegible]
3	BIBLED GOLDEN	$99.51
	GENERAL	$445.50
	TOTAL	$24,256.01
	LESS RETAINER	$24,915.35
	TOTAL REMAINING RETAINER	$[illegible]

ROSE LAW FIRM

DKSN028998

MEMO # 26099 CLIENT # 98262 MATTER # 1 MEMO TYPE

DATE RECEIVED / / DATE PREPARED / / BY

Needed		Done	By	Needed		Done	By
	Cancel Memo				WIP Text Edit		
	Content Edit				Bill Text Edit		
✓	B & R Input				Delete		
					Transfer Out		
					Hold Partial		
					Add From WIP		

* draft

WP

DOC# 0019A

INV# 8037

	DOLLARS BILLED	VALUE RELIEVED
FEES	$ 655.	$ 655.
DISBURSEMENTS	$ -0-	$ -0-

Prorate Fee Credits (Y/N) Y

Bill Date / / Format # 13 Bill Disposition: ✓ Print / No Print / Floppy

PROCESSING DATE / / PROCESSED BY

COVER SUMMARY sheet

0235A

DKSN028999

LAW OFFICES OF

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

PHONE (501) 375-9131

rdt

CLIENT: 98260

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

SEPTEMBER 12, 1985
INVOICE # 7221

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 071-0455014) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 1

STOCK OFFERING

08/13/85	D. THOMAS	REVISE AGREEMENT; TELEPHONE CONFERENCE WITH DARRELL DOVER
08/14/85	D. THOMAS	TELEPHONE CONFERENCE WITH DARRELL DOVER
08/14/85	D. THOMAS	TELEPHONE CONFERENCE WITH SETH WARD; TELEPHONE CONFERENCE WITH DARRELL DOVER'S SECRETARY
08/16/85	D. THOMAS	TELEPHONE CONFERENCE WITH DARRELL DOVER

TOTAL FOR SERVICES $[illegible]

TOTAL THIS STATEMENT $[illegible]

ROSE LAW FIRM

DKSN029000

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

FEE

INV# 9386

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAS ID #71-0435019 - RETURN THIS STUB WITH YOUR CHECK

PAID 2518.50
CK. # 1-30-86

W.I.R. Transfer

ROSE LAW FIRM DKSN029001

BILLING MEMORANDUM 31489 01/21/86 PAGE 1 HILLARY CLINTON 1

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

1 STOCK OFFERING

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
RHM	11/12/85	1.20	90.00	REVIEW AND REVISE OFFERING MATERIALS	6466
RHM	11/13/85	1.70	127.50	REVIEW OFFERING MATERIALS; CONFERENCE WITH S. HAWKINS	6474
RHM	11/14/85	1.10	82.50	CONFERENCE WITH B. KENNEDY, J. LATHAM, B. FITZHUGH, S. HAWKINS; REVISE MATERIALS	6487
RHM	11/15/85	1.10	82.50	CONFERENCE WITH S. HAWKINS, P. JONES REGARDING DEBT OFFERING	6488
HRC	11/26/85	1.00	125.00	CONFERENCE WITH S. WARD; CONFERENCE WITH T. THRASH; CONFERENCE WITH W. HUBBELL	7206
RHM	12/02/85	1.90	142.50	REVISE MEMORANDUM; CONFERENCE WITH S. HAWKINS; CONFERENCE WITH M. CLINTON; D. KNIGHT	5418
RHM	12/05/85	.80	60.00	CONFERENCE WITH B. FITZHUGH; S. HAWKINS; RESEARCH FHLB REGS	8392
RHM	12/06/85	2.10	157.50	REVISE MEMORANDUM; RESEARCH FHLB DEBT REGULATIONS	8376
RHM	12/13/85	1.60	120.00	RESEARCH FHLB REGS REGARDING DEBT OFFERINGS	8332
RHM	12/17/85	1.20	90.00	DRAFTING / REVISE LETTER TO HANDLEY	8318
FEES TOTAL		13.70	1077.50		

(7859.34) TOTAL UNAPPLIED CASH

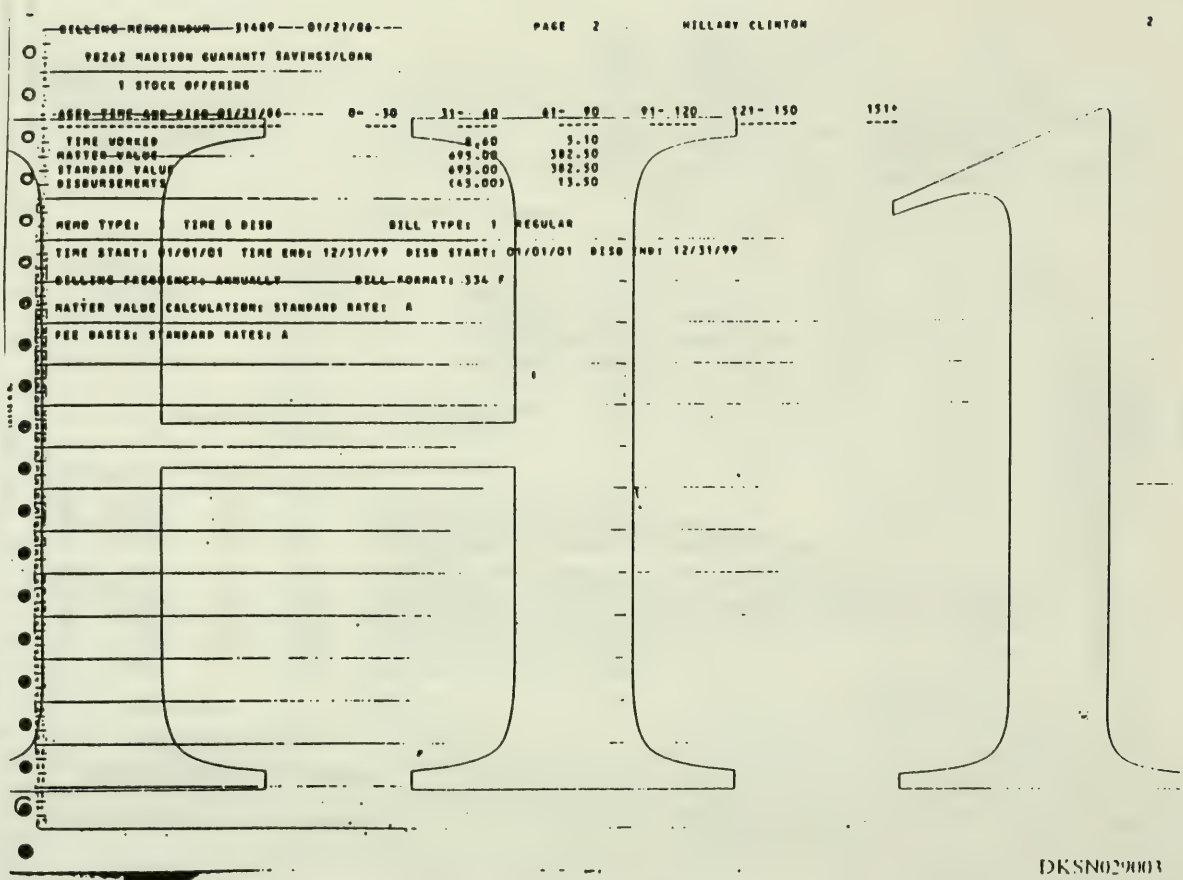
(6781.84) NET FEES INVESTMENT

ATTY	DATE	CHECK	DISB AMT	SUBH	DESCRIPTION OF DISBURSEMENT	
FIRM	12/29/85		(50.00)		CREDIT FOR OVERBILLING OF DISBURSEMENTS FOR ESTIMATED EXPENSES TO CLOSE ESTATE	11618
SUMMARIZED CODE		1	5.00		LD TELEPHONE CHARGES (INTERSTATE)	
SUMMARIZED CODE		5	13.50	90	PHOTOCOPY EXPENSE (.15)	
DISB TOTAL			(31.50)			

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
11 RHM RICHARD MASSEY	12.70	952.50	952.50		75.00	12/17/85	
43 HRC HILLARY CLINTON	1.00	125.00	125.00	802.50	125.00	11/26/85	
9999 FIRM FIRM ATTORNEY	.00						(31.50)
TOTAL FEES	13.70	1077.50	1077.50		78.65		
TOTAL DISB		(31.50)	(31.50)				
		1046.00	1046.00				

669



BILLING MEMORANDUM $1489 -- 01/21/00 --- PAGE 2 HILLARY CLINTON

98262 MADISON GUARANTY SAVINGS/LOAN

1 STOCK OFFERING

ASOF TIME AND BILL 01/21/00 --- 0- 30 31- 60 61- 90 91- 120 121- 150 151+

TIME WORKED		4.60	5.10	
MATTER VALUE		695.00	382.50	
STANDARD VALUE		695.00	382.50	
DISBURSEMENTS		(65.00)	13.50	

MEMO TYPE: 1 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: ANNUALLY BILL FORMAT: 334 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASES: STANDARD RATES: A

670

DKSN029003

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

INVC 62.5

INV # 9387

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM P.A. OR ATTORNEYS - DETACH THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH JANUARY 31, 1986 RE: W. T. SMILEY

MATTER: 2 - LIMITED PARTNERSHIP

TELEPHONE CONFERENCES WITH J. LATHAM; OFFICE CONFERENCE WITH MICHAEL WHITE'S WITH J. LATHAM, B. BRIDGES AND G. HAMILTON; PREPARATION FOR MEETING; CONFERENCES WITH C. FERGUSON AND J. HALEDON REGARDING SYNDICATION; DRAFT OF A FIRST LETTER TO W. T. SMILEY.

TOTAL ATTORNEY FEES $982.50

DISBURSEMENTS

TOTAL THIS STATEMENT $

PAID 982.50
DATE 1-30-86

ROSE LAW FIRM

DKSN029004

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

INFC 625C

INV# 9387

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430618 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH JANUARY 31, 1990 IN C. C. CLINTON VS. C. CRISAT

MATTER: E - LIMITED PARTNERSHIP

TELEPHONE CONFERENCES WITH J. LEMLEY, MS. FINKBEINER, MESSRS. WEBB, J. LEMLEY, D. [illegible] AND P. C. WOOLSEY RE PREPARATION OF CERTIFICATE AND AFFIDAVIT FOR MEETING OF PARTNERS; PREPARATION OF NOTICE OF MEETING; SUBSCRIPTIONS; STATUS OF [illegible] LETTER TO CLIENT.

TOTAL ATTORNEY FEES

DISBURSEMENTS

TOTAL DISBURSEMENTS

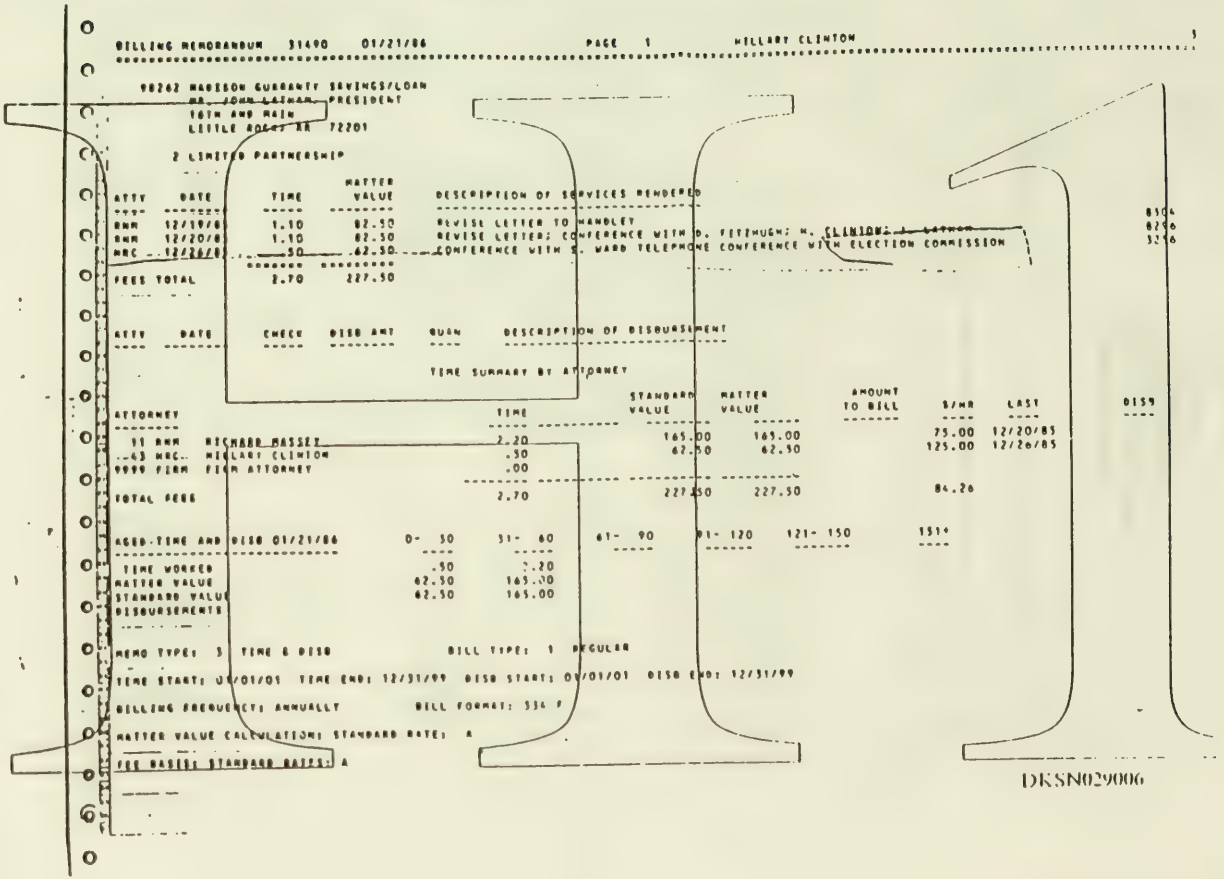
P/R
Knudsen

PAID 982.50

DATE 1-30-90

DKSN029005

ROSE LAW FIRM



BILLING MEMORANDUM 31490 01/21/86 PAGE 1 HILLARY CLINTON

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK AR 72201

2 LIMITED PARTNERSHIP

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED
RMM	12/19/85	1.10	82.50	REVISE LETTER TO HANDLEY
RMM	12/20/85	1.10	82.50	REVISE LETTER; CONFERENCE WITH D. FETTMUGH; H. CLINTON; J. LATHAM
HRC	12/26/85	.50	62.50	CONFERENCE WITH S. WARD TELEPHONE CONFERENCE WITH ELECTION COMMISSION
FEES TOTAL		2.70	227.50	

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST
11 RMM	RICHARD MASSEY	2.20	165.00	165.00		75.00	12/20/85
43 HRC	HILLARY CLINTON	.50	62.50	62.50		125.00	12/26/85
9999 FIRM	FIRM ATTORNEY	.00					
TOTAL FEES		2.70	227.50	227.50		84.26	

AGED TIME AND DISB 01/21/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	.50	2.20				
MATTER VALUE	62.50	165.00				
STANDARD VALUE	62.50	165.00				
DISBURSEMENTS						

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: ANNUALLY BILL FORMAT: 536 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

8104
8256
3256

8159

673

DKSN029006

595

ROSE LAW FIRM

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

INV# 9388

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM P.A. IN ACCORDANCE WITH YOUR LETTER

FOR LEGAL SERVICES RENDERED THROUGH JANUARY 30, 1986 RE: ILLINOIS C. P. RAILWAY

MATTER: 6

GENERAL

CONFERENCE WITH J. LATHAM REGARDING CAPITAL PLANS; RESEARCH RE: SAME AND FMLB LAWS; CONFERENCE WITH P. HERITAGE REGARDING TRANSFER OF STOCK; TELEPHONE CONFERENCE WITH S. HAWKINS REGARDING PROPOSED CONFERENCE WITH FMLB SUPERVISORY BUSINESS PLANS STAFF. LETTER TO BARNETT; TELEPHONE CONFERENCES WITH J. LATHAM; PREPARATION OF AUDITOR'S REQUEST/RESPONSE LETTERS; RELATED RESEARCH; RESERVATION OF MADISON CAPITAL CORPORATION NAME; CORRESPONDENCE TO SECRETARY OF STATE.

TOTAL FOR SERVICES $536.50

DISBURSEMENTS

RESERVATION OF CORPORATE NAME

XEROX COPIES 2.25

DISBURSEMENTS TOTAL $2.75

TOTAL MATTER 6: $539.25

A/R Transfer

PAID 535.25

CK #

DATE 1-30-86

ROSE LAW FIRM

DKSN029007

BILLING MEMORANDUM 31695 — 01/21/86 PAGE 1 HILLARY CLINTON

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
10TH AND MAIN
LITTLE ROCK, AR 72201

4 GENERAL

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
HRC	11/14/85	.50	62.50	CONFERENCE WITH SETH WARD REGARDING PURCHASE FROM BRICK LILE	15480
HRC	11/20/85	1.00	125.00	CONFERENCE WITH S. JARD; CONFERENCE WITH W. HUBBELL	304
HRC	12/20/85	1.00	125.00	CONFERENCE WITH R. MASSEY	2266
SAG	12/27/85	1.50	60.00	CONFERENCE WITH R. MASSEY REGARDING RESERVATION OF MADISON CAPITAL CORPORATION AND FORM BD TO FITZHUGH TRANSMITTING BLANK FORM BD AND INSTRUCTIONS THERETO; CONFERENCE WITH SECRETARY OF STATE RESERVING (ON PRELIMINARY BASIS) CORPORATE NAME "MADISON CAPITAL CORPORATION"; CORRESPONDENCE TO SECRETARY OF STATE TRANSMITTING FEE OF $5 FOR RESERVATION OF CORPORATE NAME FOR PERIOD OF SIX MONTHS	7504
FEES TOTAL		4.00	372.50		

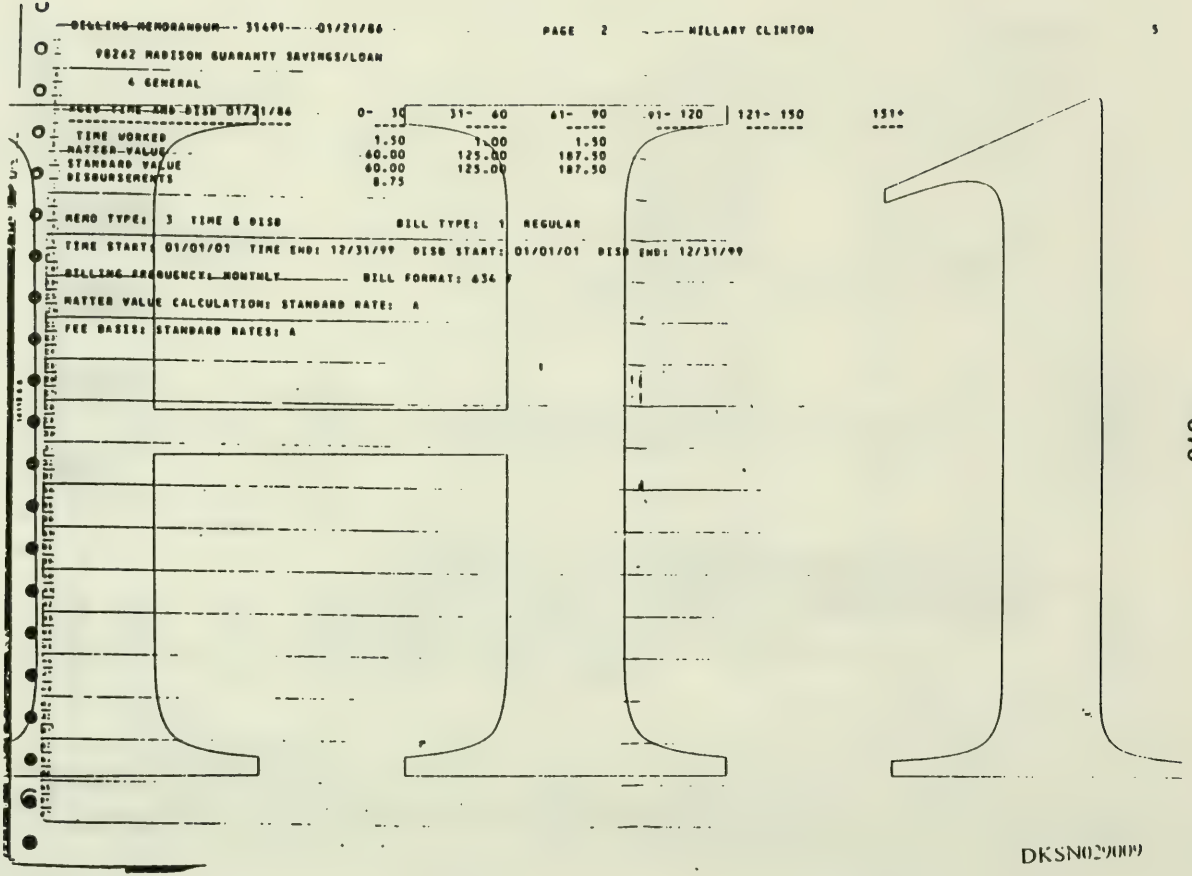
ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT	
FIRM	12/27/85	57844	5.00		RESERVATION OF CORPORATE NAME: MADISON CAPITAL CORPORATION	16938
SUMMARIZED CODE		S	3.75	25	PHOTOCOPY EXPENSE (.15)	
DISB TOTAL			8.75			

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
10 SAG	SHARON GRIMES	1.50	60.00	60.00		40.00	12/27/85	
43 HRC	HILLARY CLINTON	2.50	312.50	312.50		125.00	12/20/85	
2263 DISB	FIRM ATTORNEY	.00						8.75
TOTAL FEES		4.00	372.50	372.50		93.13		
TOTAL DISB			8.75	8.75				
			381.25	381.25				

675

DKSN029008



BILLING MEMORANDUM 31491 01/21/86 PAGE 2 HILLARY CLINTON 5

98262 MADISON GUARANTY SAVINGS/LOAN

4 GENERAL

WORK-TIME-END DISB 01/31/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	1.50	1.00	1.50			
MATTER-VALUE	60.00	125.00	187.50			
STANDARD VALUE	60.00	125.00	187.50			
DISBURSEMENTS	8.75					

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 634

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

679

DKSN029009

1 hrc 2731
rtd 468
rdt 262

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 0-252

MADISON GUARANTY SAVINGS/LOAN
ATT: JOHN DAVIS, PRESIDENT
16TH AND MAIN STREETS
LITTLE ROCK, AR 72201

JAN 29, 19[illegible]

INV# 9389

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0238510 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH JANUARY 31, 1985 BY W. H. TAYLOR, T. THOMAS M. DONOVAN, K. SHEMIN AND J. BIRCH:

MATTER: S - I.D.C.

REVIEW CONTRACT FOR SALE; TELEPHONE CONFERENCE WITH SETH WARD AND CHARLIE COOK; DARYL DOVER, ALTON BOWEN AT BEACH ABSTRACT; PEGGY ROGERS AND STEVE WADE; MAKE CHANGES IN DOCUMENTS; REVISE CHANGES IN AGREEMENT; CORRESPONDENCE TO ALL PARTIES; ATTEND I. D. C. BOARD MEETING; PREPARE CORPORATE RESOLUTIONS; REVIEW TITLE COMMITMENT; ATTEND CLOSING; REVIEW BILL OF ASSURANCES; MEETINGS WITH SETH WARD, BOB WILSON AND CHARLIE COOK; RESEARCH ON WHAT APPROVALS, PERMITS, ETC., ARE NECESSARY TO OPERATE SEWER AND WATER FACILITIES; MULTIPLE TELEPHONE CONFERENCES WITH STATE AND COUNTY AGENCIES; MEMO ABOUT UTILITY STATUS; CONFERENCES WITH SETH WARD REGARDING PURCHASE FROM BEACH LILE AND PROPOSED INDUSTRIAL DEVELOPMENT ON SITE; RESEARCH INTO STATE LAW GOVERNING LIQUOR PERMITS; RESEARCH AT COUNTY CLERK'S OFFICE AND ELECTION COMMISSION; TELEPHONE CONFERENCES WITH ELECTION COMMISSION; NUMEROUS TELEPHONE CONFERENCES WITH DARYL DOVER

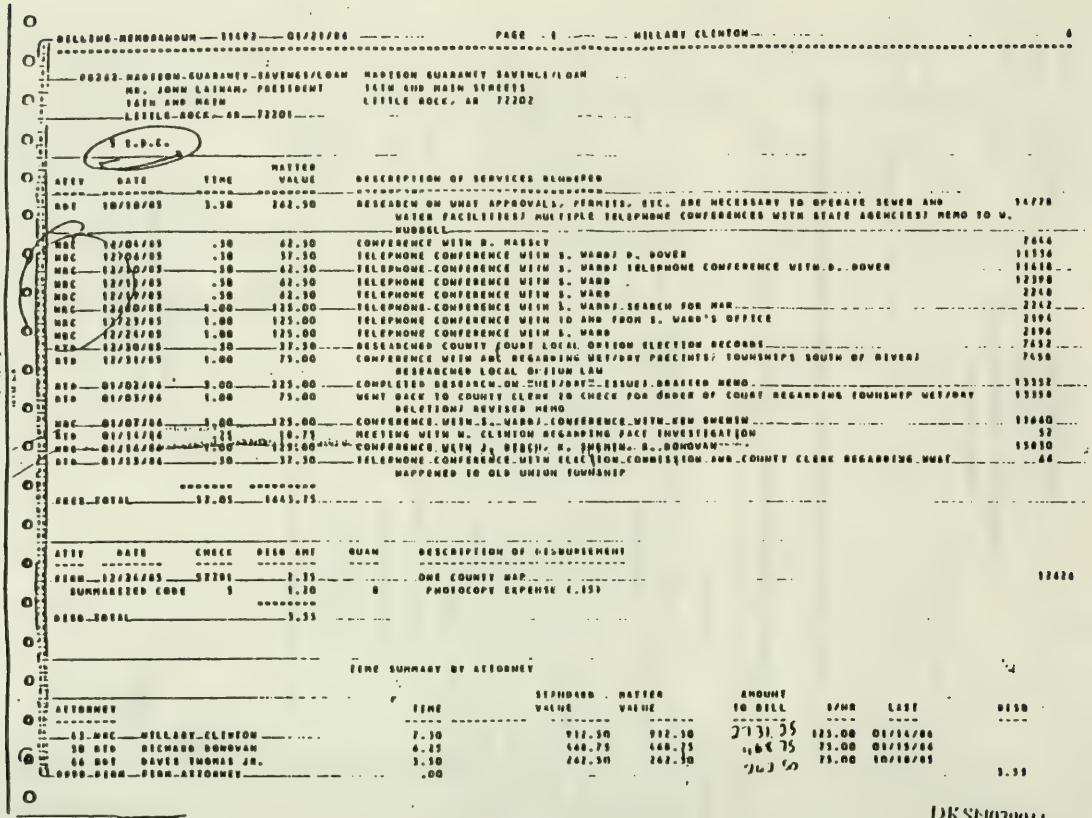
TOTAL FOR SERVICES	$4,451.50
DISBURSEMENTS	
ONE COUNTY MAP	2.35
XEROX COPIES	16.50
DISBURSEMENTS TOTAL	$18.85
TOTAL MATTER S:	$4,470.35

A/R transfer

PAID 4670.35
CK # [illegible]
DATE 1-30-86

ROSE LAW FIRM

DKSN029010



BILLING-MEMORANDUM — 51693 — 01/21/86 — PAGE 1 — HILLARY CLINTON — 6

00262 MADISON GUARANTY SAVINGS/LOAN — MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT — 16TH AND MAIN STREETS
16TH AND MAIN — LITTLE ROCK, AR 72202
LITTLE ROCK AR 72201

S.D.C.

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
RHF	10/10/85	3.50	262.50	RESEARCH ON WHAT APPROVALS, PERMITS, ETC. ARE NECESSARY TO OPERATE SEWER AND WATER FACILITIES; MULTIPLE TELEPHONE CONFERENCES WITH STATE AGENCIES; MEMO TO W. HUDDELL	14778
HRC	10/04/85	.50	62.50	CONFERENCE WITH D. MASSEY	7444
HRC	12/06/85	.50	37.50	TELEPHONE CONFERENCE WITH S. WARD; D. DOVER	11536
HRC	12/10/85	.50	62.50	TELEPHONE CONFERENCE WITH S. WARD; TELEPHONE CONFERENCE WITH D. DOVER	11648
HRC	12/11/85	.50	62.50	TELEPHONE CONFERENCE WITH S. WARD	12398
HRC	12/17/85	.50	62.50	TELEPHONE CONFERENCE WITH S. WARD	2248
HRC	12/18/85	1.00	125.00	TELEPHONE CONFERENCE WITH S. WARD; SEARCH FOR MAP	2242
HRC	12/23/85	1.00	125.00	TELEPHONE CONFERENCE WITH TO AND FROM S. WARD'S OFFICE	2196
HRC	12/24/85	1.00	125.00	TELEPHONE CONFERENCE WITH S. WARD	2196
RTD	12/30/85	.50	37.50	RESEARCHED COUNTY COURT LOCAL OPTION ELECTION RECORDS	7452
RTD	12/31/85	1.00	75.00	CONFERENCE WITH ARK REGARDING WET/DRY PRECINTS/ TOWNSHIPS SOUTH OF RIVER; RESEARCHED LOCAL OPTION LAW	7456
RTD	01/02/86	3.00	225.00	COMPLETED RESEARCH ON WET/DRY ISSUES; DRAFTED MEMO	13552
RTD	01/03/86	1.00	75.00	WENT BACK TO COUNTY CLERK TO CHECK FOR ORDER OF COURT REGARDING TOWNSHIP WET/DRY SELECTIONS; REVISED MEMO	13550
HRC	01/07/86	1.00	125.00	CONFERENCE WITH S. WARD; CONFERENCE WITH KEN SMITH	13640
RTD	01/14/86	.25	18.75	MEETING WITH H. CLINTON REGARDING FACT INVESTIGATION	52
HRC	01/14/86	1.00	125.00	CONFERENCE WITH J. BIGGS; R. SMITH; R. DONOVAN	15030
RTD	01/15/86	.50	37.50	TELEPHONE CONFERENCE WITH ELECTION COMMISSION AND COUNTY CLERK REGARDING WHAT HAPPENED TO OLD UNION TOWNSHIP	44
6665 TOTAL		17.25	1665.75		

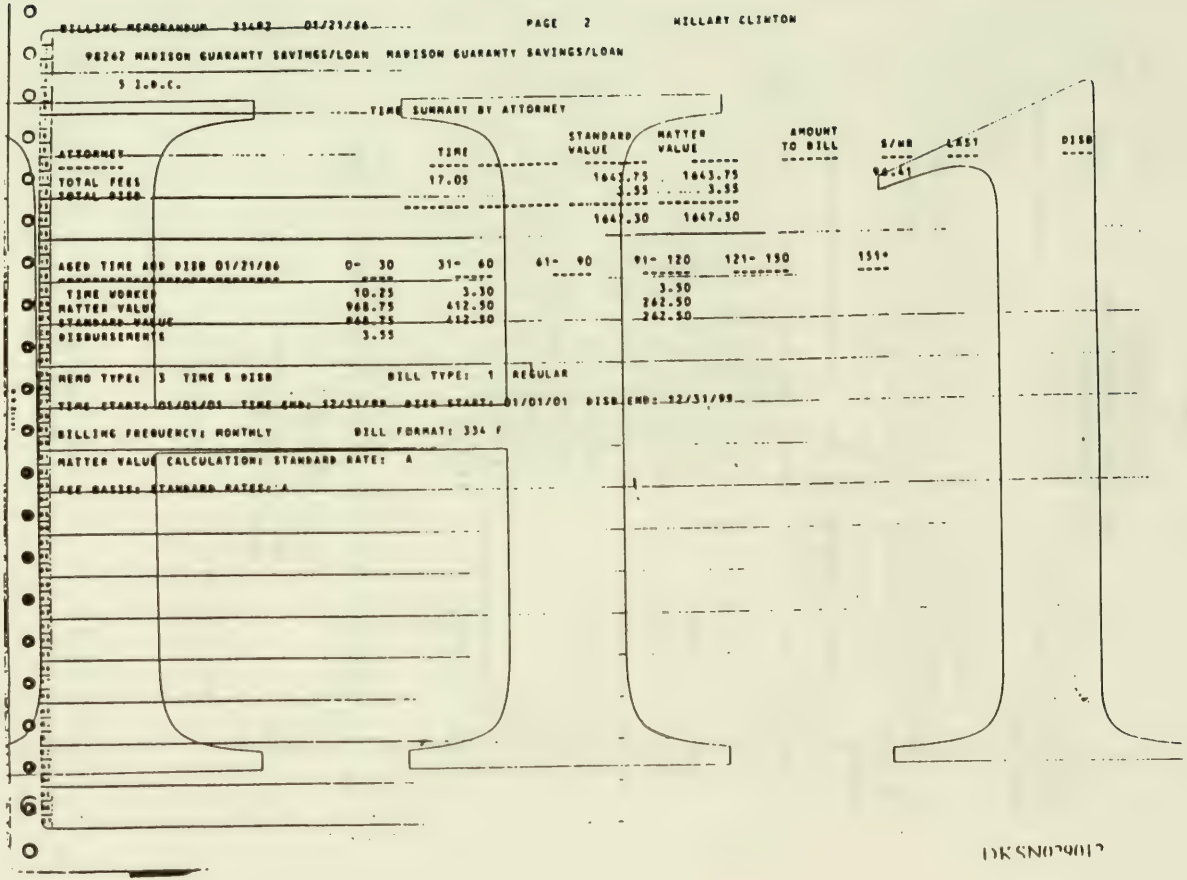
ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT	
DISB	12/26/85	52701	3.35		ONE COUNTY MAP	12426
	SUMMARIZED CODE	1	1.20	8	PHOTOCOPY EXPENSE (.15)	
DISB TOTAL			3.55			

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	D/HR	LAST	DISB
63 HRC	HILLARY CLINTON	7.50	937.50	937.50	2731.25	125.00	01/14/86	
38 RTD	RICHARD DONOVAN	6.25	468.75	468.75	468.75	75.00	01/15/86	
66 RHF	DAVID THOMAS JR.	3.50	262.50	262.50	262.50	75.00	10/10/85	
0000 DISB	DISB ATTORNEY	.00						3.55

678

DKSH029011



BILLING MEMORANDUM 31482 01/21/86 PAGE 2 HILLARY CLINTON

98262 MADISON GUARANTY SAVINGS/LOAN MADISON GUARANTY SAVINGS/LOAN

S I.R.C.

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
TOTAL FEES	17.05	1643.75	1643.75		96.41		
TOTAL DISB		3.55	3.55				
		1647.30	1647.30				

AGED TIME AND DISB 01/21/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	10.25	3.30		3.50		
MATTER VALUE	968.75	412.50		262.50		
STANDARD VALUE	968.75	412.50		262.50		
DISBURSEMENTS	3.55					

MEMO TYPE: S TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 334 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

679

DKSN029012

A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 9526

[illegible] SECURITY SAVINGS/LOAN
[illegible] MAIN STREETS
LITTLE ROCK, AR 72202

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID #71-0430610 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 5

copy u/A

D.O.C.		
01/15/86	J. BIRCH	RECEIPT AND REVIEW OF R. DONOVAN LETTER ON MANUFACTURING FACILITY; CONFERENCE WITH R. DONOVAN; M. CLINTON AND M. SHEPPIN REGARDING PERMIT V. [illegible] BEER IN "DRY" TOWNSHIP
01/17/86	M. ARNOLD	RESEARCH AT COUNTY COURT HOUSE REGARDING OLD UNION TOWNSHIP
01/19/86	R. DONOVAN	RAN LEXIS SEARCH FOR CASES DEALING WITH TOWNSHIP DISSOLUTIONS
01/22/86	R. DONOVAN	RESEARCHED ISSUE OF EFFECT OF TOWNSHIP DISSOLUTION ON "WET/DRY" STATUS; DRAFTED MEMO
02/10/86	R. DONOVAN	TELEPHONE CONFERENCE WITH PULASKI CO. ELECTION COMM. REGARDING BOUNDARIES OF OLD UNION TOWNSHIP; TELEPHONE CONFERENCE WITH SECRETARY OF STATE'S [illegible] REGARDING SAME; MEMO TO R. DONOVAN REGARDING COUNTY COURT ASSISTANCE
02/11/86	R. DONOVAN	RESEARCHED ISSUE OF PUBLIC UTILITY SUPPLYING OF WATER
02/12/86	R. DONOVAN	CONTINUED RESEARCH REGARDING PUBLIC UTILITY QUESTIONS; TELEPHONE CONFERENCE WITH PSC LEGAL STAFF [illegible]
02/13/86	R. DONOVAN	CONTINUED DRAFTING OF MEMO REGARDING PUBLIC UTILITIES

P.O. ID 993.25
CK. # [illegible]
DATE: 3-7-86

TOTAL FOR SERVICES [illegible]

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15)	[illegible]
PHOTOCOPY EXPENSE (OUTSIDE OFFICE)	1.00
DISBURSEMENTS TOTAL	[illegible]

ROSE LAW FIRM

DKSN029013

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 6321.2

MADISON GUARANTY SAVINGS/LOAN

PAGE 2

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0236014) - RETURN THIS STUB WITH YOUR CHECK

TOTAL THIS STATEMENT

ROSE LAW FIRM

DRSN029014

Law Offices Of
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

HRC 22.50
RTD 318.75
RAA 236.00

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430016) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH MARCH 31 1994 IN CONNECTION WITH

MATTER:

REVIEW MEMO REGARDING PUBLIC UTILITY ISSUES; RESPONSE TO AUDITOR'S REQUEST; RESEARCH AT COUNTY COURTHOUSE REGARDING OLD UNION TOWNSHIP BOUNDARIES; TELEPHONE CONFERENCES WITH MARIE FLECKENGER (COUNTY PLANNING); OFFICE CONFERENCE WITH RICK DONOVAN; RESEARCH AT ARK. HISTORICAL SOCIETY; TELEPHONE CONFERENCE WITH ARK. HISTORICAL COMMISSION; SETH WARD; CONFERENCE WITH AND TELEPHONE CONFERENCE WITH JANE DICKEY REGARDING POST; REGARDING UNION TOWNSHIP; RESEARCHED ISSUE OF EFFECT OF POTENTIAL WATER PATRONS BEING WITHIN LITTLE ROCK CITY LIMITS CREATED MEMO; REVISE DONOVAN MEMO

TOTAL FOR SERVICES $217.25

DISBURSEMENTS

03/31/94 COMPUTER RESEARCH 66.67
DOCUMENT EXPENSE (.15) .23

DISBURSEMENTS TOTAL $66.90

TOTAL THIS STATEMENT $283.15

APPLIED RETAINER $283.15

DUE THIS MATTER $0.00

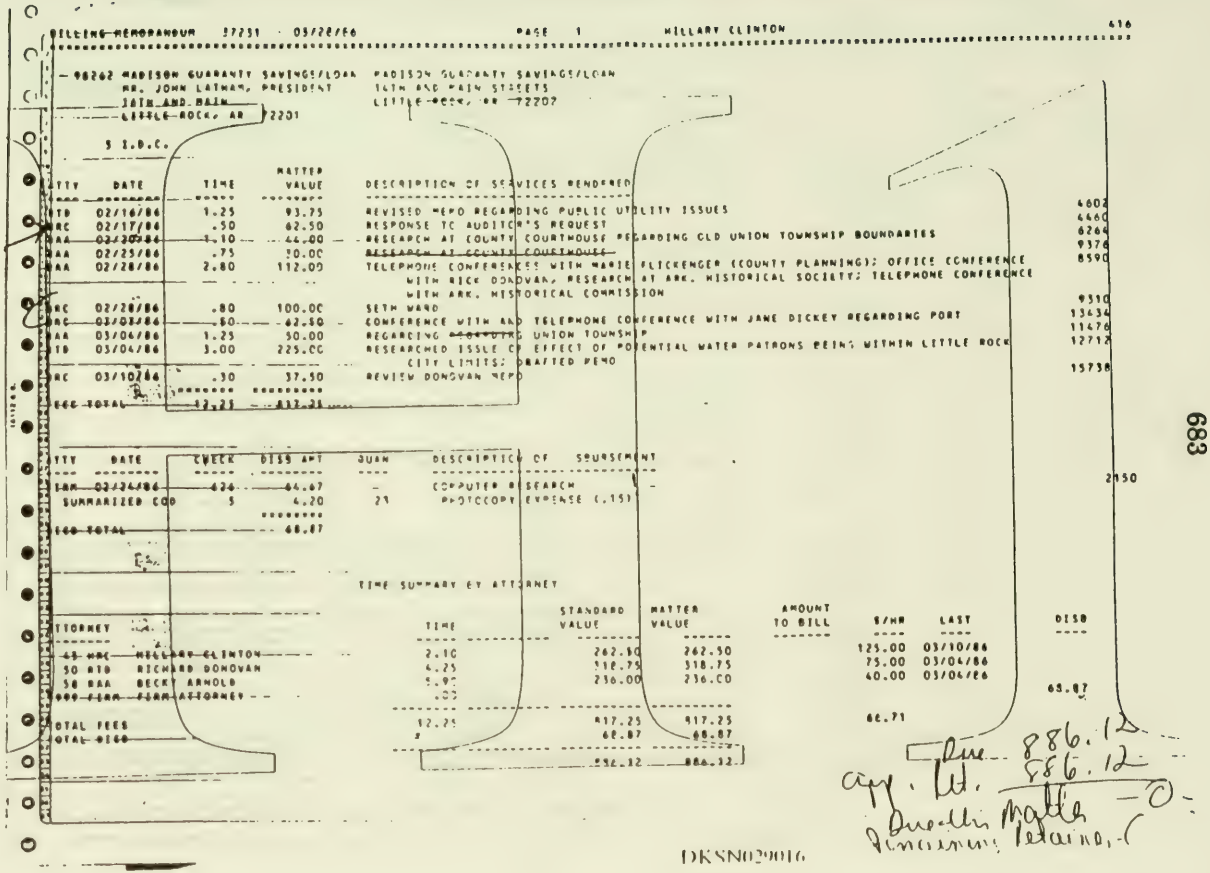
REMAINING RETAINER $463.00

Payment in U/A

PAID 886.13
CK. # 4191
DATE: 4/19/94

DKSN029015

ROSE LAW FIRM



BILLING MEMORANDUM 37231 - 03/28/86 PAGE 1 HILLARY CLINTON 416

- 98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

MADISON GUARANTY SAVINGS/LOAN
16TH AND MAIN STREETS
LITTLE ROCK, AR 72207

S I.D.C.

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
RTD	02/14/86	1.25	93.75	REVISED MEMO REGARDING PUBLIC UTILITY ISSUES	4602
RC	02/17/86	.50	62.50	RESPONSE TO AUDITOR'S REQUEST	4660
RAA	02/20/86	1.10	44.00	RESEARCH AT COUNTY COURTHOUSE REGARDING OLD UNION TOWNSHIP BOUNDARIES	6264
RAA	02/25/86	.75	30.00	RESEARCH AT COUNTY COURTHOUSE	9376
RAA	02/28/86	2.80	112.00	TELEPHONE CONFERENCES WITH MARIE FLTCKENGER (COUNTY PLANNING); OFFICE CONFERENCE WITH RICK DONOVAN; RESEARCH AT ARK. HISTORICAL SOCIETY; TELEPHONE CONFERENCE WITH ARK. HISTORICAL COMMISSION	8590
RC	02/28/86	.80	100.00	SETH WARD	9310
RC	03/03/86	.50	62.50	CONFERENCE WITH AND TELEPHONE CONFERENCE WITH JANE DICKEY REGARDING PORT	13634
RAA	03/04/86	1.25	50.00	REGARDING ~~REQUIRE~~ UNION TOWNSHIP	11476
RTD	03/04/86	3.00	225.00	RESEARCHED ISSUE OF EFFECT OF POTENTIAL WATER PATRONS BEING WITHIN LITTLE ROCK CITY LIMITS; DRAFTED MEMO	12712
RC	03/10/86	.30	37.50	REVIEW DONOVAN MEMO	15738
EGG TOTAL		12.25	817.25		

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT	
EAM	02/24/86	426	44.67	-	COMPUTER RESEARCH	2450
SUMMARIZED COD		S	4.20	21	PHOTOCOPY EXPENSE (.15)	
EGG TOTAL			48.87			

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
45 HRC	HILLARY CLINTON	2.10	262.50	262.50		125.00	03/10/86	
50 RTD	RICHARD DONOVAN	4.25	318.75	318.75		75.00	03/04/86	
50 RAA	BECKY ARNOLD	5.90	236.00	236.00		40.00	03/04/86	
000 FIRM	FIRM ATTORNEY	.00						48.87
TOTAL FEES		12.25	817.25	817.25		66.71		
TOTAL DISB			48.87	48.87				
				866.12				

Due 886.12
app. Ltr. 886.12
Due-Ellis Matter -0-
Remaining Retainer -0-

DKSN02001G

683

98262 MADISON GUARANTY SAVINGS/LOAN MADISON GUARANTY SAVINGS/LOAN

S I.D.C.

ACCT TIME AND DISB 03/27/96	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	2.65	1.50				
MATTER VALUE	997.00	230.25				
STANDARD VALUE	997.00	230.25				
DISBURSEMENTS	4.20	64.57				

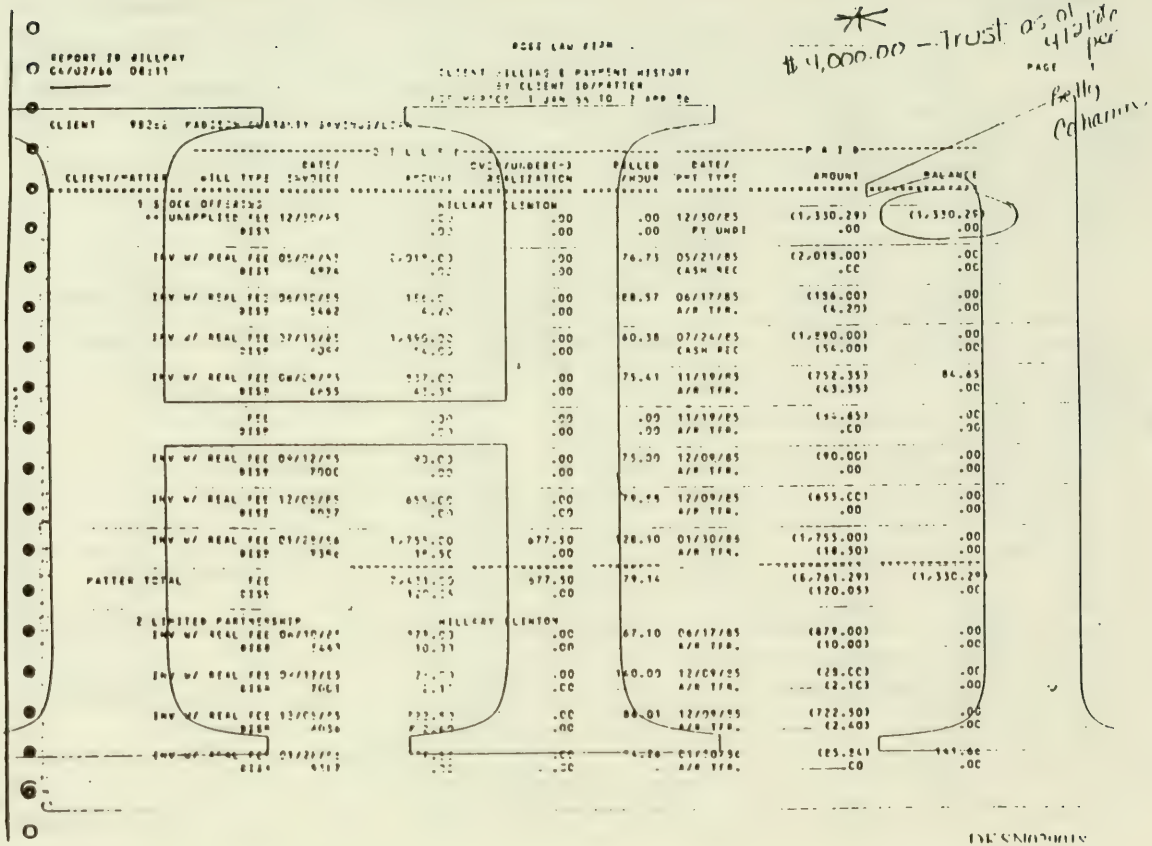
FEND TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 534 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A



REPORT ID BILLPAY
04/02/86 04:11

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER

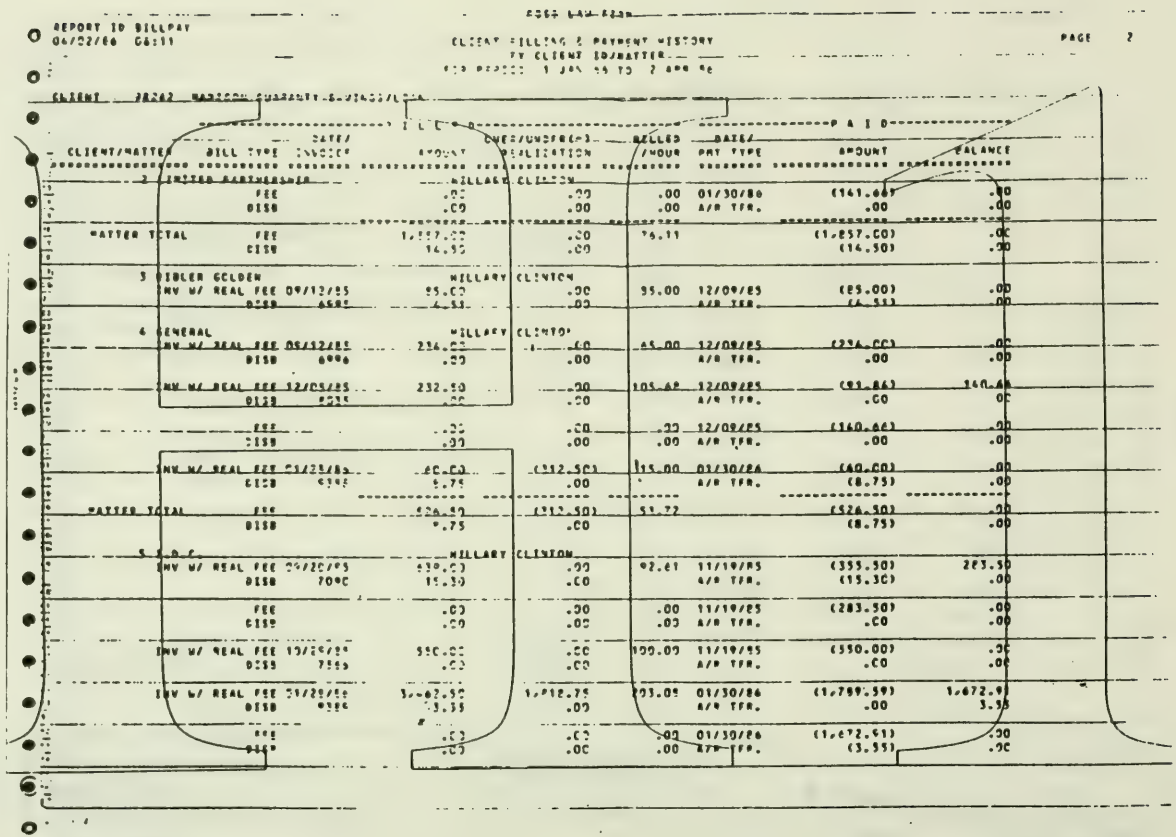
PAGE 1

$1,000.00 - Trust as of 4/30/86 per Kelly Cohamin

CLIENT

CLIENT/MATTER	BILL TYPE	DATE/ INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	PAYED /HOUR	DATE/ PMT TYPE	PAID AMOUNT	BALANCE
1 STOCK OFFERING			WILLARD CLINTON					
** UNAPPLIED FEE		12/30/85	.00	.00	.00	12/30/85	(1,330.29)	(1,330.29)
	DISB		.00	.00	.00	PY UNDI	.00	.00
INV W/ REAL FEE		05/09/85	2,019.00	.00	76.73	05/21/85	(2,019.00)	.00
	DISB	6976	.00	.00		CASH REC	.00	.00
INV W/ REAL FEE		06/10/85	156.00	.00	28.57	06/17/85	(156.00)	.00
	DISB	5462	4.29	.00		A/R TFR.	(4.29)	.00
INV W/ REAL FEE		07/15/85	1,890.00	.00	60.38	07/24/85	(1,890.00)	.00
	DISB	7054	54.00	.00		CASH REC	(54.00)	.00
INV W/ REAL FEE		08/09/85	837.00	.00	75.41	11/19/85	(752.35)	84.65
	DISB	6955	43.35	.00		A/R TFR.	(43.35)	.00
	FEE		.00	.00	.00	11/19/85	(84.65)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
INV W/ REAL FEE		09/12/85	90.00	.00	75.00	12/09/85	(90.00)	.00
	DISB	7006	.00	.00		A/R TFR.	.00	.00
INV W/ REAL FEE		12/05/85	655.00	.00	79.88	12/09/85	(655.00)	.00
	DISB	7057	.00	.00		A/R TFR.	.00	.00
INV W/ REAL FEE		01/28/86	1,755.00	677.50	28.10	01/30/86	(1,755.00)	.00
	DISB	9346	18.50	.00		A/R TFR.	(18.50)	.00
MATTER TOTAL	FEE		7,491.00	677.50	79.14		(6,761.29)	(1,330.29)
	DISB		120.14	.00			(120.05)	.09
2 LIMITED PARTNERSHIP			WILLARD CLINTON					
INV W/ REAL FEE		04/10/85	879.00	.00	87.10	06/17/85	(879.00)	.00
	DISB	5469	10.33	.00		A/R TFR.	(10.00)	.00
INV W/ REAL FEE		04/17/85	28.00	.00	140.00	12/09/85	(28.00)	.00
	DISB	7061	2.13	.00		A/R TFR.	(2.13)	.00
INV W/ REAL FEE		12/05/85	722.50	.00	80.01	12/09/85	(722.50)	.00
	DISB	7056	2.40	.00		A/R TFR.	(2.40)	.00
INV W/ REAL FEE		01/28/86	85.84	.00	28.61	01/30/86	(85.84)	.00
	DISB	9347	.00	.00		A/R TFR.	.00	.00

685



REPORT ID BILLPAY
04/22/86 08:11

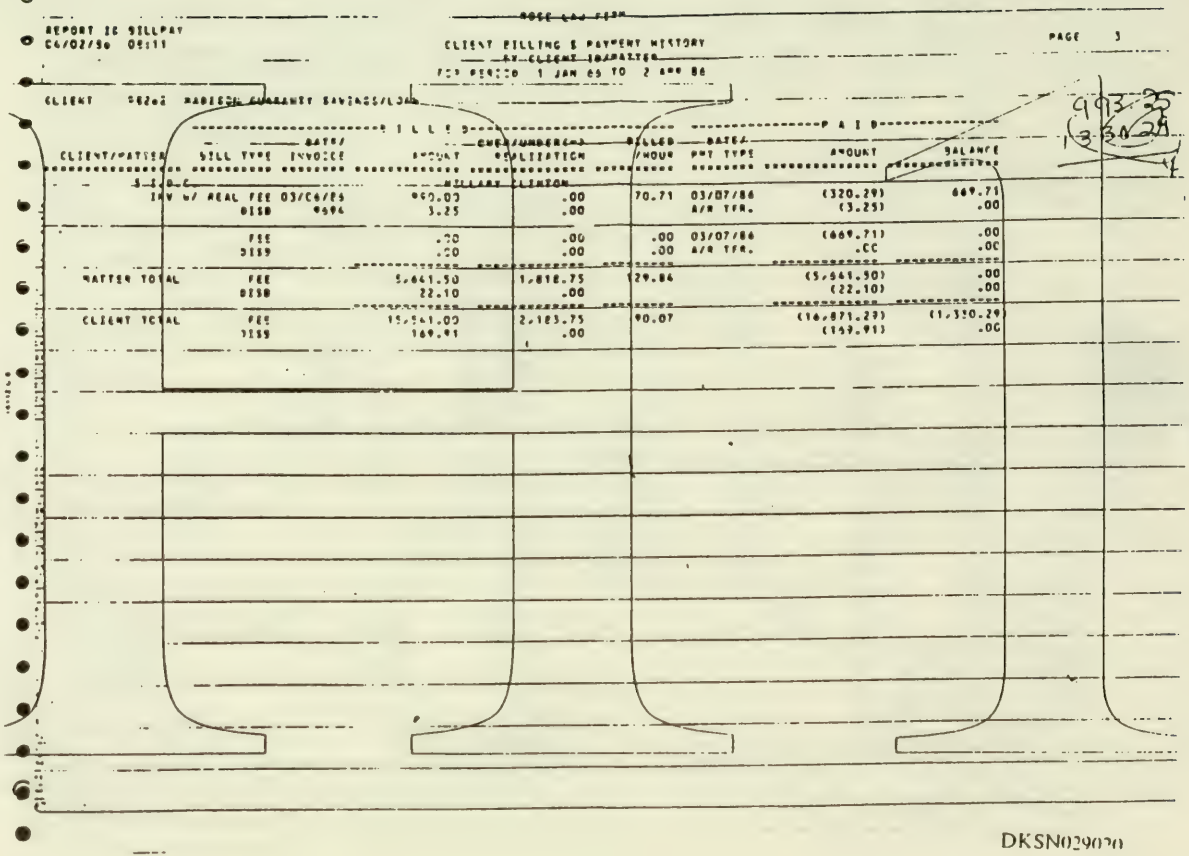
CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER

PAGE 2

CLIENT/MATTER	BILL TYPE	DATE/ INVOICE	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED /HOUR	DATE/ PAY TYPE	PAID AMOUNT	BALANCE
2 INTERN AGREEMENT			WILLARD CLINTON					
	FEE		.00	.00	.00	01/30/86	(141.66)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
MATTER TOTAL	FEE		1,557.00	.00	76.11		(1,557.00)	.00
	DISB		14.50	.00			(14.50)	.00
3 DIBLER GOLDEN			WILLARY CLINTON					
	INV W/ REAL FEE	09/12/85	85.00	.00	85.00	12/09/85	(85.00)	.00
	DISB	6585	4.53	.00		A/R TFR.	(4.53)	.00
4 GENERAL			WILLARY CLINTO					
	INV W/ REAL FEE	09/12/85	294.00	.00	45.00	12/09/85	(294.00)	.00
	DISB	6996	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	12/05/85	232.50	.00	105.68	12/09/85	(91.86)	140.64
	DISB	7235	.00	.00		A/R TFR.	.00	00
	FEE		.00	.00	.00	12/09/85	(140.64)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	01/25/86	40.00	(312.50)	15.00	01/30/86	(40.00)	.00
	DISB	6995	8.75	.00		A/R TFR.	(8.75)	.00
MATTER TOTAL	FEE		526.50	(312.50)	51.72		(526.50)	.00
	DISB		8.75	.00			(8.75)	.00
5 E.D.F.			WILLARY CLINTON					
	INV W/ REAL FEE	09/20/85	638.00	.00	92.61	11/19/85	(355.50)	283.50
	DISB	7090	15.30	.00		A/R TFR.	(15.30)	.00
	FEE		.00	.00	.00	11/19/85	(283.50)	.00
	DISB		.00	.00	.00	A/R TFR.	.00	.00
	INV W/ REAL FEE	10/29/85	550.00	.00	100.00	11/19/85	(550.00)	.00
	DISB	7555	.00	.00		A/R TFR.	.00	.00
	INV W/ REAL FEE	01/29/86	5,462.50	1,918.75	203.09	01/30/86	(1,789.59)	3,672.91
	DISB	9356	3.55	.00		A/R TFR.	.00	3.55
	FEE		.00	.00	.00	01/30/86	(1,672.91)	.00
	DISB		.00	.00	.00	A/R TFR.	(3.55)	.00

686

DKSN029019



REPORT IC BILLPAY
04/02/96 09:11

CLIENT BILLING & PAYMENT HISTORY
BY CLIENT ID/MATTER
FOR PERIOD 1 JAN 85 TO 2 APR 96

PAGE 3

CLIENT 98202 RADESH GUARANTY SAVINGS/LOAN

CLIENT/MATTER	BILL TYPE	DATE/ INVOICE	BILLED AMOUNT	OWED/UNBILLED REALIZATION	BILLED /HOUR	PAID DATE/ PMT TYPE	PAID AMOUNT	BALANCE
5-50-C			WILLARY CLINTON					
INV W/ REAL	FEE	03/06/86	960.00	.00	70.71	03/07/86	(320.29)	669.71
	DISB	9694	3.25	.00		A/R TFR.	(3.25)	.00
	FEE		.00	.00	.00	03/07/86	(669.71)	.00
	DISB		.00	.00	.00	A/R TFR.	.CC	.00
MATTER TOTAL	FEE		5,661.50	1,818.75	129.84		(5,661.50)	.00
	DISB		22.10	.00			(22.10)	.00
CLIENT TOTAL	FEE		15,561.00	2,183.75	90.07		(14,871.29)	(1,310.29)
	DISB		169.91	.00			(169.91)	.00

993.35
(323.64)

687

DKSN029070

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

HRC

DISCOVERY CLEARANCE SERVICES, INC.
ATTN: JOHN LATHAM, PRESIDENT
1004 ONE ROCK
LITTLE ROCK, AR 72205

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM AND IN ACKNOWLEDGEMENT, RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH MARCH 31, 1986 IN CONNECTION WITH:

MATTER:

GENERAL

TELEPHONE CONFERENCE WITH JOHN LATHAM

TOTAL FOR SERVICES

DISBURSEMENTS

PHOTOCOPY EXPENSE

DISBURSEMENTS TOTAL

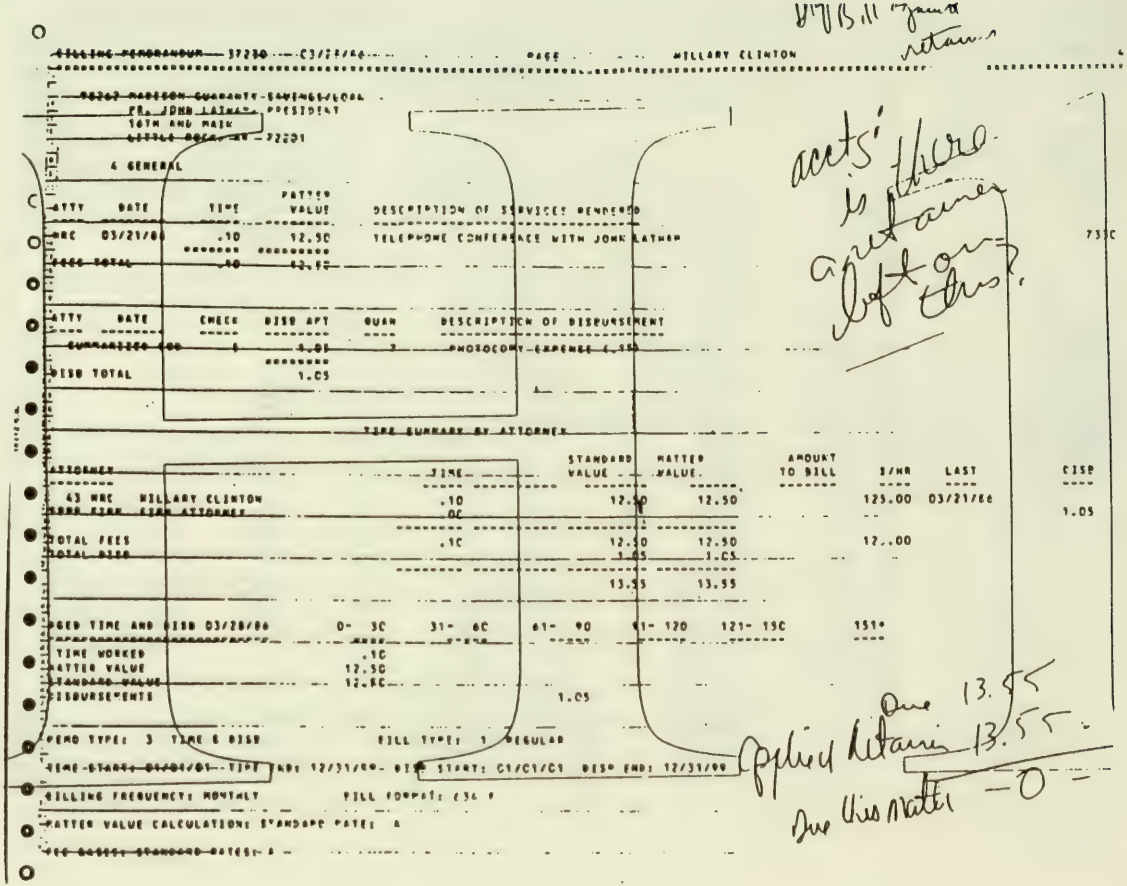
TOTAL THIS STATEMENT

Payment in U/A

PAID 13.56
CK. #
DATE 4-9-86

ROSE LAW FIRM

DKSN029021



BILLING PERFORMANCE 37230 03/28/86 PAGE MILLARY CLINTON 615

PETER MADISON GUARANTY SAVINGS/LOCAL
ATT. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

4 GENERAL

ATTY	DATE	TIME	RATE/ VALUE	DESCRIPTION OF SERVICES RENDERED
WRC	03/21/86	.10	12.50	TELEPHONE CONFERENCE WITH JOHN LATHAM
4000 TOTAL		.10	12.50	

ATTY	DATE	CHECK	DISB APT	QUAN	DESCRIPTION OF DISBURSEMENT
SUBSIDIZED 4.00		1	4.00	2	PHOTOCOPY EXPENSE 4.00
DISB TOTAL			1.05		

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
43 WRC HILLARY CLINTON	.10	12.50	12.50		125.00	03/21/86	1.05
4000 FIRM FIRM ATTORNEY	.00						
TOTAL FEES	.10	12.50	12.50		12..00		
TOTAL DISB		1.05	1.05				
		13.55	13.55				

AGED TIME AND DISB 03/28/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	.10					
MATTER VALUE	12.50					
STANDARD VALUE	12.50					
DISBURSEMENTS			1.05			

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/85 TIME END: 12/31/99 DISB START: 01/01/85 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 234 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE GROUP: STANDARD RATES: A

Billed 11 June returns

accts' Hillary is there anything left on this?

Due 13.55

Applied retainer 13.55 -

Due this Matter -0-

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

HRC 70.00
RAA 48.00

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0430640 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH APRIL 30, 1985 IN CONNECTION WITH:

MATTER:

TELEPHONE CONFERENCE WITH JON DENTON REVIEW MEMO ON PROPOSED SUBSIDIARY AS PUBLIC UTILITY; RESEARCH AT COUNTY PLANNING REGARDING OLD UNION TOWNSHIP BOUNDARIES; TELEPHONE CONFERENCE WITH COUNTY PLANNING.

TOTAL FOR SERVICES

DISBURSEMENTS

PHOTOCOPY EXPENSE (OUTSIDE OFFICE)

DISBURSEMENTS TOTAL

TOTAL THIS STATEMENT

APPLIED RETAINER

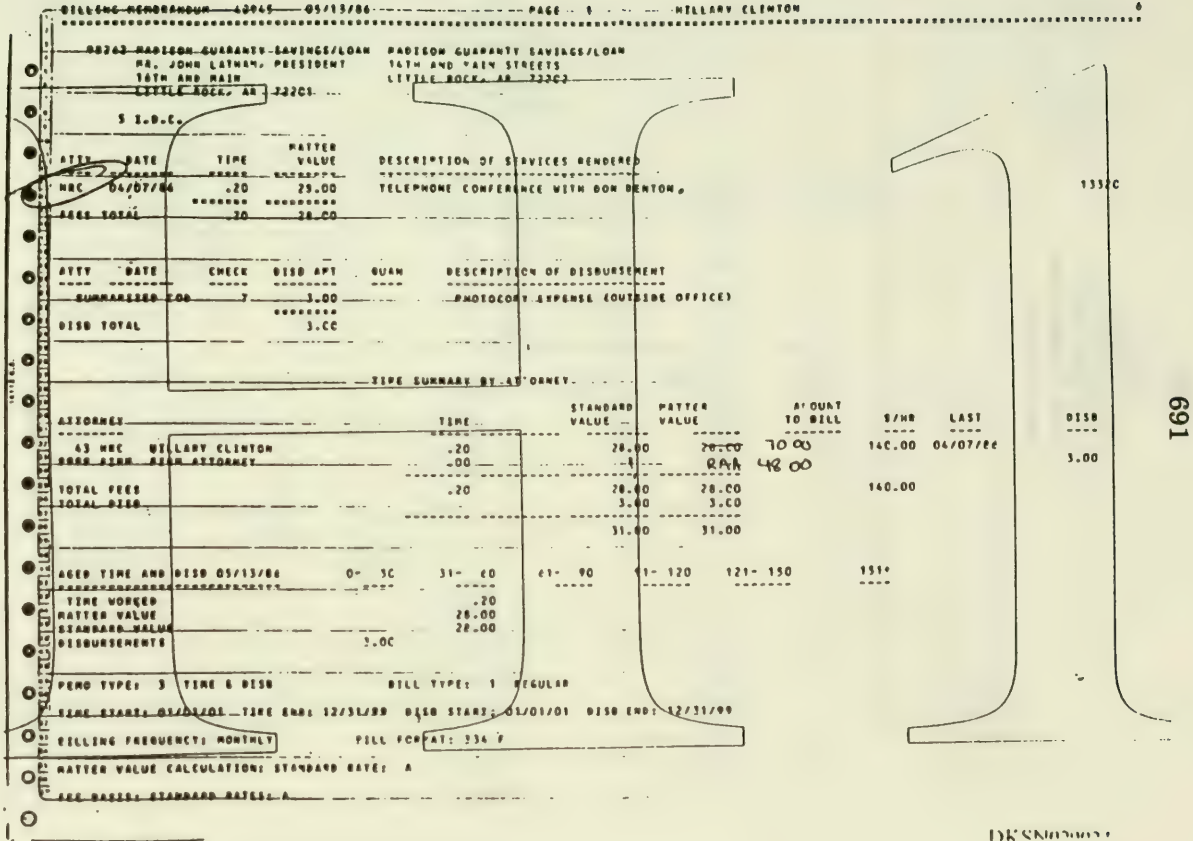
PAYMENT DUE

Payment in U/A

PAID 121.00
CC #
DATE 5-23-85

ROSE LAW FIRM

DKSN029023



BILLING MEMORANDUM 42045 05/13/86 PAGE 1 HILLARY CLINTON

00363 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHEM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72203

MADISON GUARANTY SAVINGS/LOAN
16TH AND MAIN STREETS
LITTLE ROCK, AR 72203

S I.R.C.

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED
HRC	04/07/86	.20	28.00	TELEPHONE CONFERENCE WITH DON BENTON.
4661 TOTAL		.20	28.00	

1332C

ATTY	DATE	CHECK	DISB AMT	QUAN	DESCRIPTION OF DISBURSEMENT
SUMMARIZED FOR		7	3.00		PHOTOCOPY EXPENSE (OUTSIDE OFFICE)
DISB TOTAL			3.00		

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
43 HRC	HILLARY CLINTON	.20	28.00	~~28.00~~	70 00	140.00	04/07/86	
9999 ASST	ASSIGN ATTORNEY	.00		RAA	42 00			3.00
TOTAL FEES		.20	28.00	28.00		140.00		
TOTAL DISB			3.00	3.00				
			31.00	31.00				

AGED TIME AND DISB 05/13/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED		.20				
MATTER VALUE		28.00				
STANDARD VALUE		28.00				
DISBURSEMENTS	3.00					

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 334 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE RATES: STANDARD RATES: A

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

RNM 112.5
ARC 280.

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0358018) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH APRIL 30, 1986 IN CONNECTION WITH:

MATTER:

GENERAL

CONFERENCE WITH R. MERRITT; LOCATE AND REVIEW BENTONVILLE FILE;
CONFERENCE WITH SETH HARRIS; TELEPHONE CONFERENCE WITH SETH HARRIS
REGARDING OPTIONS; TELEPHONE CONFERENCE WITH MIKE SCOTT; FILE;
REVIEW OPTION.

TOTAL FOR SERVICES	$391.50
TOTAL THIS STATEMENT	$392.50
APPLIED RETAINER	$82.88
PAYMENT DUE	309.62

A/R TRANSFER 392.50
82.88

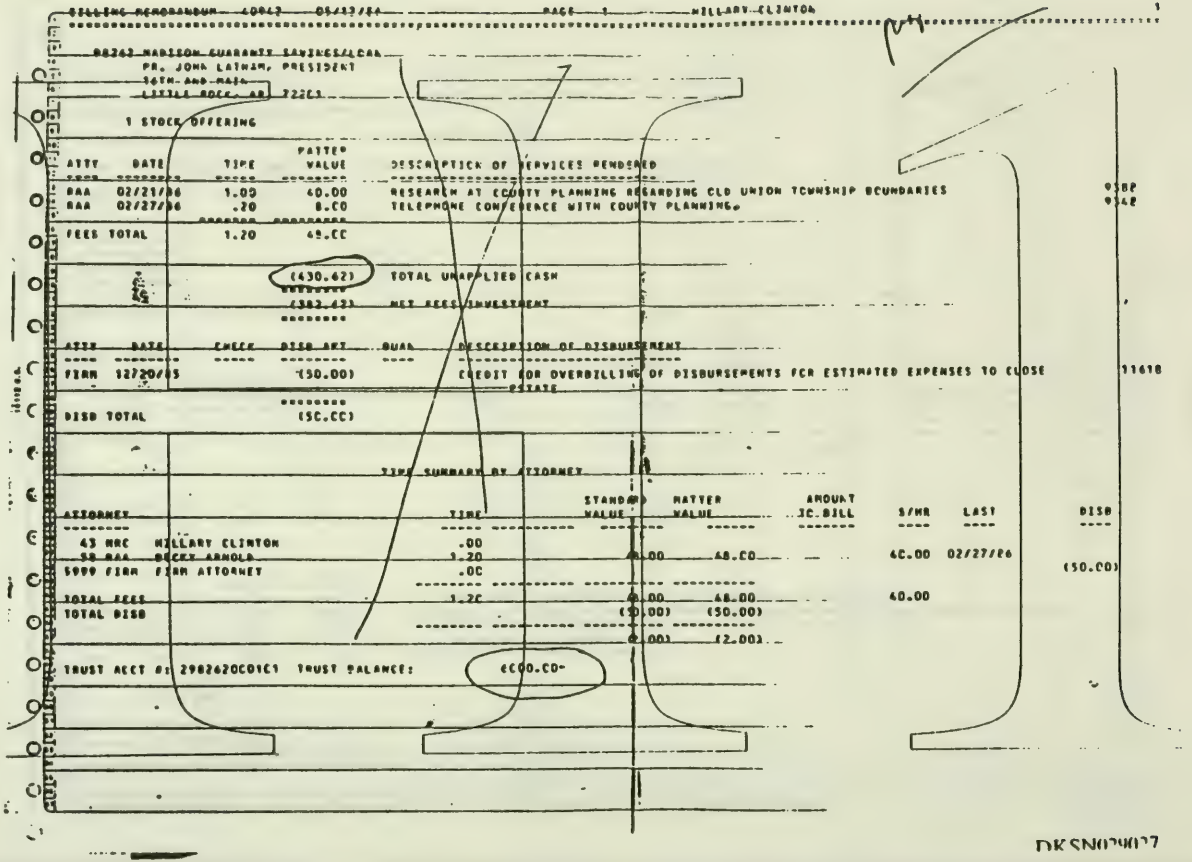
SUMMARY OF INVOICES
TOTAL AMOUNT OF RETAINER
TOTAL AMOUNT OF INVOICES
TOTAL RETAINER REMAINING

Payment in UTA

PAID 82.88
CK. # 5-27-86
DATE

ROSE LAW FIRM

DKSN029025



BILLING MEMORANDUM 40843 05/13/86 PAGE 1 HILLARY CLINTON

88263 MADISON GUARANTY SAVINGS/LOAN
PR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

1 STOCK OFFERING

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED
BAA	02/21/86	1.00	40.00	RESEARCH AT COUNTY PLANNING REGARDING OLD UNION TOWNSHIP BOUNDARIES
BAA	02/27/86	.20	8.00	TELEPHONE CONFERENCE WITH COUNTY PLANNING.
FEES TOTAL		1.20	48.00	

(430.62) TOTAL UNAPPLIED CASH

(382.62) NET FEES/INVESTMENT

ATTY	DATE	CHECK	DISB AMT	QUAL	DESCRIPTION OF DISBURSEMENT
FIRM	12/20/85		(50.00)		CREDIT FOR OVERBILLING OF DISBURSEMENTS FOR ESTIMATED EXPENSES TO CLOSE ESTATE
DISB TOTAL			(50.00)		

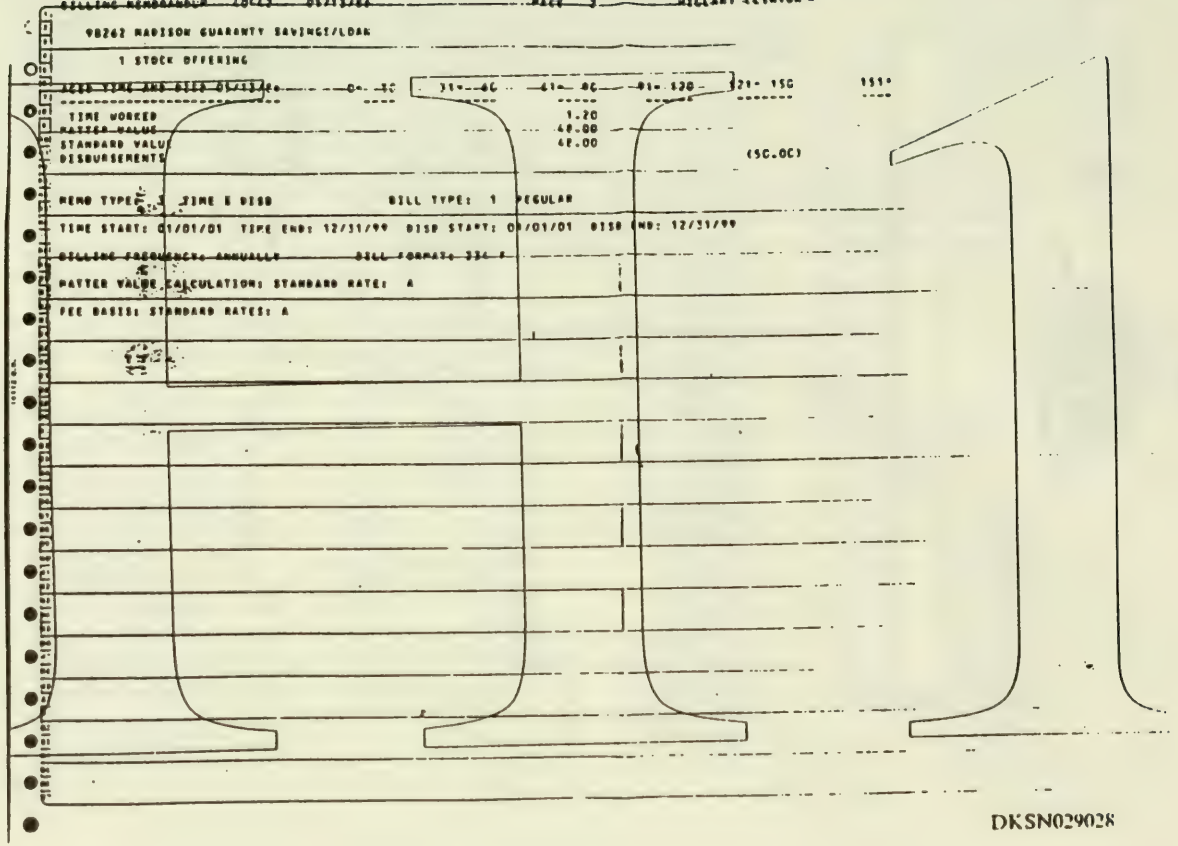
TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT BILLED	$/HR	LAST	DISB
43 HRC	HILLARY CLINTON	.00						
58 BAA	BECKY ARNOLD	1.20	40.00	48.00		40.00	02/27/86	
5999 FIRM	FIRM ATTORNEY	.00						(50.00)
TOTAL FEES		1.20	40.00	48.00		40.00		
TOTAL DISB			(50.00)	(50.00)				
			0.00)	(2.00)				

TRUST ACCT #: 2982620C01C1 TRUST BALANCE: 6000.00-

694

DRSN029027


98262 MADISON GUARANTY SAVINGS/LOAN
1 STOCK OFFERING
TIME WORKED 1.20
MATTER VALUE 40.00
STANDARD VALU 40.00
DISBURSEMENTS
(SC.OC)
MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR
TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99
MATTER VALUE CALCULATION: STANDARD RATE: A
FEE BASIS: STANDARD RATES: A

DKSN029028

HRC

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0435015) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH APRIL 30, 1986 IN CONNECTION WITH:

MATTER:

BACCOCK

DIVERS TELECOPY CONFERENCE WITH BILL CLINTON; TELEPHONE CONFERENCE WITH WARNER FELLS TELEPHONE CONFERENCE WITH RICK COHN; TELEPHONE CONFERENCES WITH BOB BENTON; CONFERENCES WITH HERB RULE & JIM SUPAS AND HILLARY CLINTON; TELEPHONE CONFERENCES WITH RUTH DALGLEISH; CORRESPONDENCE TO DALGLEISH; CONFERENCE WITH [illegible] DAUGHERTY.

TOTAL FOR SERVICES $1,[illegible]

DISBURSEMENTS

TELEGRAM, TELECOPY OR [illegible] 6.00
A-GTOCOPY EXPENSE (.1[illegible] [illegible]

DISBURSEMENTS FOR [illegible] $75.45

TOTAL THIS STATEMENT $1,[illegible]

APPLIED BALANCE $1,[illegible]

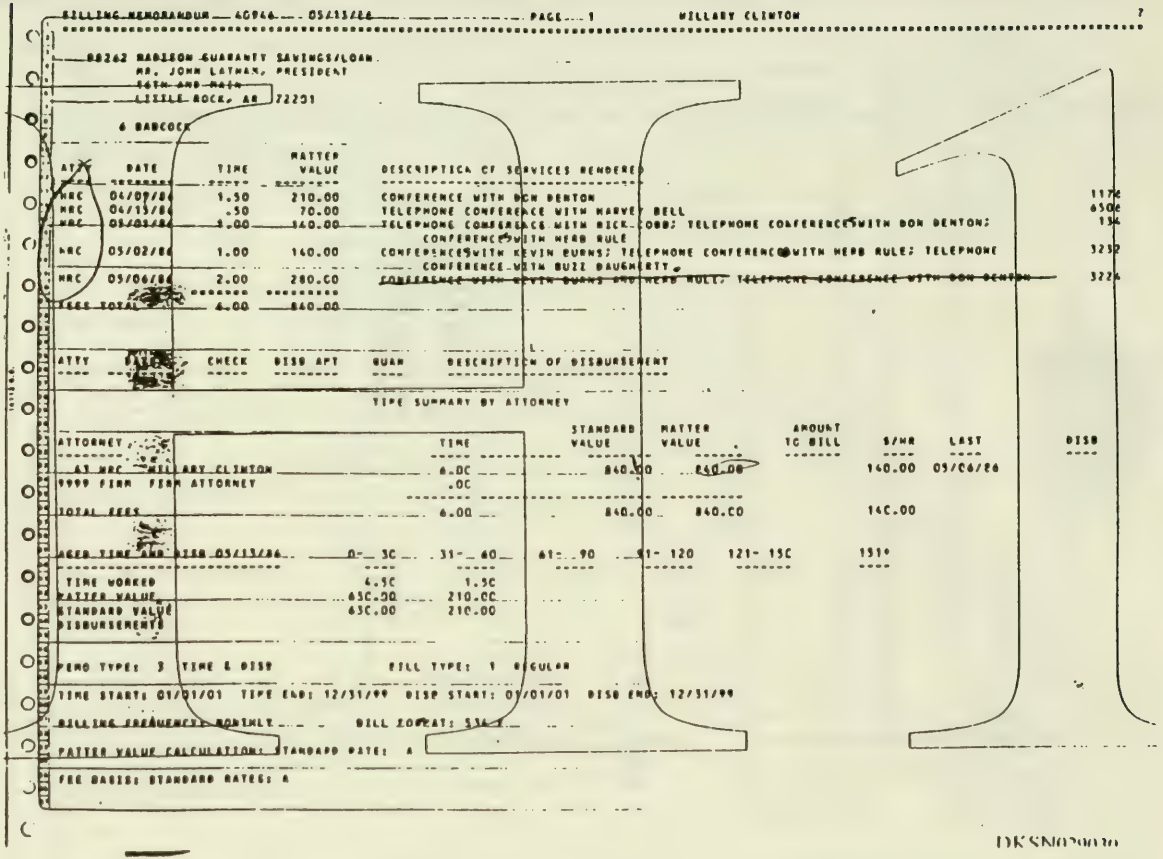
PAYMENT [illegible]

Payment in VIA

PAID 1128.45
CK #
DATE 5-27-86

ROSE LAW FIRM

DKSN029029



BILLING MEMORANDUM 46946 05/13/86 PAGE 1 HILLARY CLINTON

88262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
[illegible]
LITTLE ROCK, AR 72201

6 BABCOCK

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
HRC	04/09/86	1.50	210.00	CONFERENCE WITH DON DENTON	1176
HRC	04/15/86	.50	70.00	TELEPHONE CONFERENCE WITH HARVEY BELL	6506
HRC	05/01/86	1.00	140.00	TELEPHONE CONFERENCE WITH RICK COBB; TELEPHONE CONFERENCE WITH DON DENTON; CONFERENCE WITH HERB RULE	134
HRC	05/02/86	1.00	140.00	CONFERENCE WITH KEVIN BURNS; TELEPHONE CONFERENCE WITH HERB RULE; TELEPHONE CONFERENCE WITH BUZZ BAUGHERTY.	3252
HRC	05/06/86	2.00	280.00	CONFERENCE WITH KEVIN BURNS AND HERB RULE; TELEPHONE CONFERENCE WITH DON DENTON	3224
FEES TOTAL		6.00	840.00		

ATTY	DATE	CHECK	DISB APT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
43 HRC HILLARY CLINTON	6.0C	840.00	840.00		140.00	05/C6/86	
9999 FIRM FIRM ATTORNEY	.0C						
TOTAL FEES	6.00	840.00	840.CO		14C.00		

AGED TIME AND DISB 05/13/86	0- 3C	31- 60	61- 90	91- 120	121- 15C	151+
TIME WORKED	4.5C	1.5C				
MATTER VALUE	63C.00	210.CC				
STANDARD VALUE	63C.00	210.00				
DISBURSEMENTS						

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: STA

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

DKSN020030

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

nic

CLIENT:

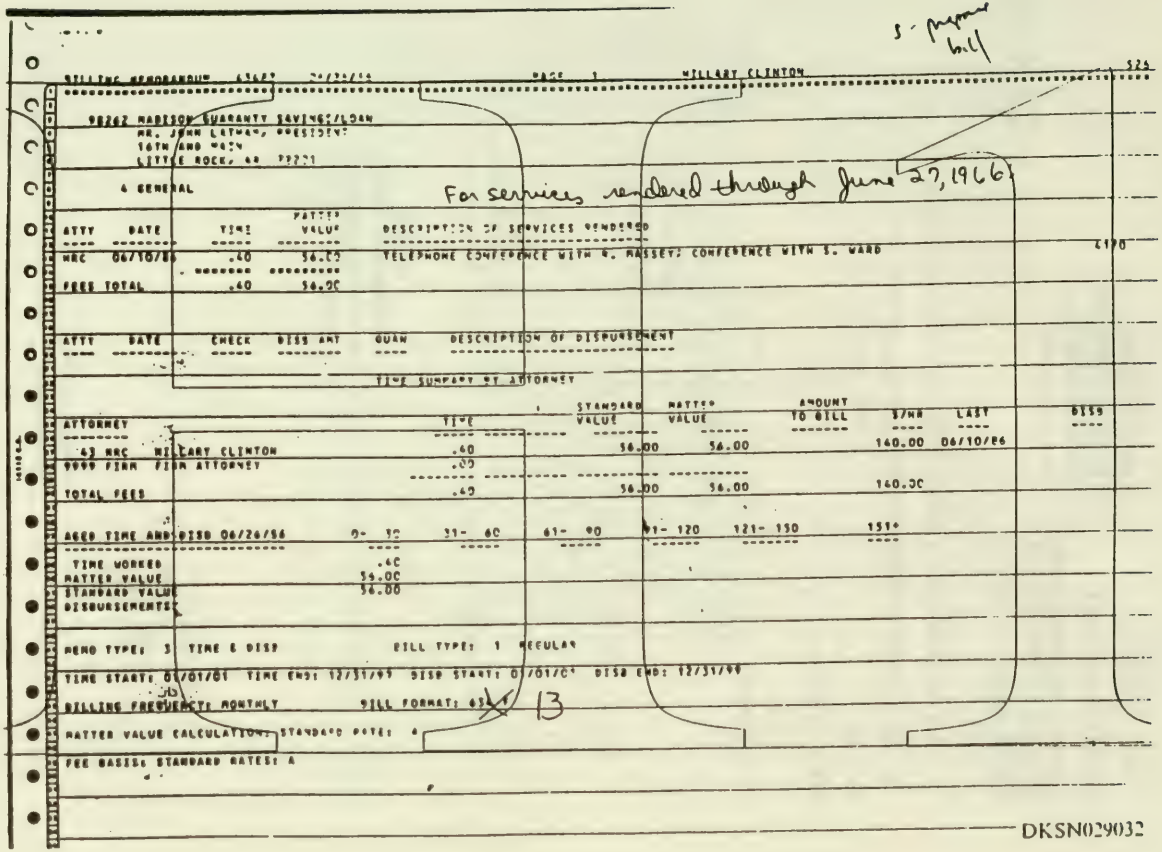
PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0205014) - RETURN THIS STUB WITH YOUR CHECK

apply trust

PAID 56.00
CK # 7-02-86
DATE

DKSN029031

ROSE LAW FIRM



BILLING MEMORANDUM A1687 10/31/86 PAGE 1 HILLARY CLINTON 524

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

4 GENERAL

For services rendered through June 27, 1986

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED
HRC	06/10/86	.40	56.00	TELEPHONE CONFERENCE WITH R. MASSEY; CONFERENCE WITH S. WARD
FEES TOTAL		.40	56.00	

ATTY	DATE	CHECK	DISB AMT	GUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
43 HRC	HILLARY CLINTON	.40	56.00	56.00		140.00	06/10/86	
9999 FIRM	FIRM ATTORNEY	.00						
TOTAL FEES		.40	56.00	56.00		140.00		

AGED TIME AND DISB 06/26/86	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED	.40					
MATTER VALUE	56.00					
STANDARD VALUE	56.00					
DISBURSEMENTS						

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/81 TIME END: 12/31/99 DISB START: 01/01/81 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 63 13

MATTER VALUE CALCULATION: STANDARD RATES: A

FEE BASES: STANDARD RATES: A

669

DKSN029032

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 378-0181

CLIENT: 98262

MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
15TH AND MAIN
LITTLE ROCK, AR 72201

JULY 24, 1986
INVOICE # 11341

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0436141) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 1

STOCK OFFERING

DISBURSEMENTS

LD TELEPHONE CHARGES (INTERSTATE)	5.59
DISBURSEMENTS TOTAL	$5.59
TOTAL THIS STATEMENT	$5.59

apply c/H (trust)

PAID 5.59
CK # ____
DATE: 8-5-86

ROSE LAW FIRM

DKSN029033

hrc 308
hcr 756.
krb 1035

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

[illegible]
[illegible]
[illegible]
LITTLE ROCK [illegible]

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAS ID #71-0430010 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED THROUGH JUNE 27, 1986:

MATTER:

BABCOCK

ORGANIZE DOCUMENTS RECEIVED FROM MR. BELL REGARDING TULSA ECONOLODGE AND BABCOCK PROJECTS; REVIEW AND SUMMARIZE TULSA ECONOLODGE LOAN; BEGIN SUMMARY AND REVIEW OF BABCOCK RETAIL CENTER LOAN; REVIEW BABCOCK LOAN PARTICIPATION AGREEMENT AND COMPARE WITH SIMILAR AGREEMENTS; REVIEW LOAN FILES; INTEROFFICE CONFERENCE WITH M. C. RULE, K. BURNS AND M. CLINTON REGARDING STATUS OF LOANS AND PREPARATION FOR MEETING WITH SAVERS FED-AL SAVINGS AND LOAN ASSOCIATION; REVIEW PARTICIPATION AGREEMENT; INTEROFFICE CONFERENCE WITH M. CLINTON, K. BURNS AND M. C. RULE REGARDING WORKOUT PROPOSALS; CONFERENCE WITH BUZZ DOUGHERTY, JR., SAVERS; INTEROFFICE TELEPHONE CONFERENCES; TELEPHONE CONFERENCE WITH BUZZ DOUGHERTY; REVIEW LETTER FROM DOUGHERTY; TELEPHONE CONFERENCES WITH BUZZ DOUGHERTY; RESEARCH; CORRESPONDENCE TO DON DENTON; CONFERENCE WITH M. CLINTON AND M. C. RULE; TELEPHONE CONFERENCES WITH DON DENTON; CORRESPONDENCE TO BUZZ DOUGHERTY.

TOTAL FOR SERVICES $2,000.00

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) $.55

DISBURSEMENTS TOTAL $.55

TOTAL THIS STATEMENT $2,000.55

apply trust

PAID 2104.55
CK #
DATE 7-2-86

ROSE LAW FIRM

DKSN029034

98262 MADISON GUARANTY SAVINGS/LOAN
ATTN: JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

RE: BABCOCK

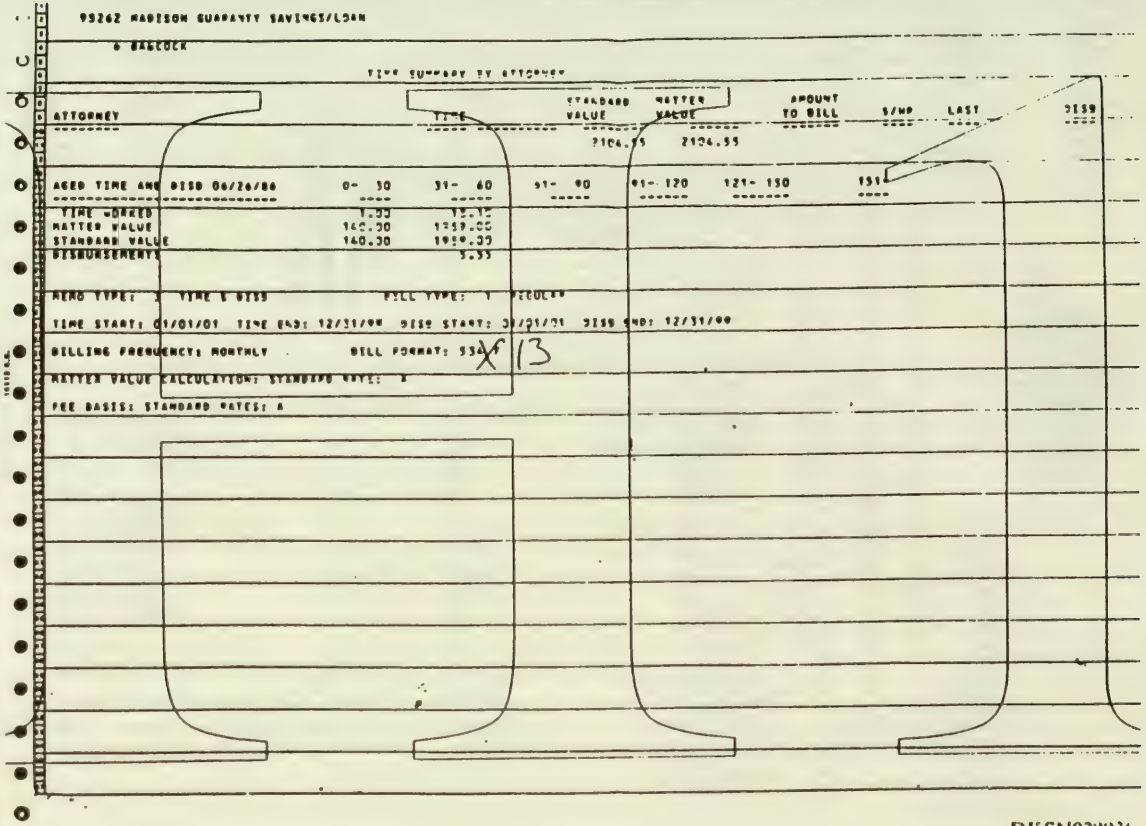
For services rendered through June 29, 1986:

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
HRC	05/03/86	1.50	135.00	ORGANIZE DOCUMENTS RECEIVED FROM MR. BELL REGARDING TULSA ECCNOLODGE AND BABCOCK PROJECTS	6139
HRC	05/05/86	5.50	495.00	REVIEW AND SUMMARIZE TULSA ECCNOLODGE LOAN; BEGIN SUMMARY AND REVIEW OF BABCOCK RETAIL CENTER LOAN	6146
HRC	05/06/86	4.50	405.00	REVIEW BABCOCK LOAN PARTICIPATION AGREEMENT AND COMPARE WITH SIMILAR AGREEMENTS; REVIEW LOAN FILES; CONFERENCE WITH MR. RULE AND MRS. CLINTON REGARDING STATUS OF LOANS AND PREPARATION FOR MEETING WITH SAVERS FEDERAL SAVINGS AND LOAN ASSOCIATION	6146
HRC	05/06/86	2.40	336.00	REVIEW PARTICIPATION AGREEMENTS; CONFERENCE WITH M. [redacted], K. BURNS REGARDING WORKOUT PROPOSAL	5687
HRC	05/07/86	1.20	168.00	CONFERENCE WITH BUZZ DOUGHERTY, JR., SAVERS	5686
HRC	05/07/86	.30	42.00	CONFERENCE WITH KEVIN BURNS	5690
HRC	05/12/86	.50	75.00	TELEPHONE CONFERENCE WITH H. C. RULE; TELEPHONE CONFERENCE WITH GRIGG Dougherty; REVIEW LETTER FROM DOUGHERTY	6636
HRC	05/12/86	1.30	182.00	TELEPHONE CONFERENCE WITH BUZZ DOUGHERTY; RESEARCH; CORRESPONDENCE TO DON DENTON	8967
HRC	05/13/86	.10	70.00	TELEPHONE CONFERENCE WITH H. C. RULE	6511
HRC	05/14/86	.20	28.00	CONFERENCE WITH H. CLINTON	8087
HRC	05/19/86	.20	28.00	TELEPHONE CONFERENCE WITH DON DENTON	8277
HRC	05/29/86	1.00	140.00	CORRESPONDENCE TO BUZZ DOUGHERTY; TELEPHONE CONFERENCE WITH DON DENTON	11452
FEES	TOTAL	19.10	2099.00		

ATTY	DATE	CHECK	DISB AMT	CODE	DESCRIPTION OF DISBURSEMENT
SUMMARIZED COD		5	5.55	57	PHOTOCOPY EXPENSE 0.15%
DISB TOTAL			5.55		

TIME SUMMARY BY ATTORNEY

ATTORNEY		TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	B/HP	LAST	DISB
63 HRC	HILLARY CLINTON	2.20	308.00	308.00		140.00	05/29/86	
60 HCR	HERBERT RULE,III	5.40	756.00	756.00		140.00	05/14/86	
62 KAB	KEVIN M. BURNS	11.50	1035.00	1035.00		90.00	05/07/86	
9999 FIRM	FIRM ATTORNEY	.00						5.55
TOTAL FEES		19.10	2099.00	2099.00		109.90		
TOTAL DISB			5.55	5.55				



95262 MADISON GUARANTY SAVINGS/LOAN

6 BALLOCK

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	S/HP	LAST	DISB
		2104.55	2104.55				

AGED TIME AND DISB 06/26/96	0- 30	31- 60	61- 90	91- 120	121- 150	151
TIME WORKED	1.00	13.10				
MATTER VALUE	140.00	1959.00				
STANDARD VALUE	140.00	1959.00				
DISBURSEMENTS		5.55				

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 93X/13

MATTER VALUE CALCULATION: STANDARD RATES: X

FEE BASIS: STANDARD RATES: X

703

DKSN029036

HRC 84.C
HCR 280 C

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

DATE: [illegible]

[illegible]
[illegible]
[illegible]
LITTLE ROCK, AR 72[illegible]

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM (TAX ID 71-0428014) - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: [illegible] - HANCOCK LOAN

TELEPHONE CONFERENCE WITH DAVID HALL; TELEPHONE CONFERENCE WITH DON DENTON; CORRESPONDENCE TO JAUGHERTY FOR DENTON; CORRESPONDENCE TO FILE; CORRESPONDENCE TO DENTON; TELEPHONE CONFERENCE WITH DUE STOREY REGARDING EXAMINATION OF RECORDS; CORRESPONDENCE TO DON DENTON; REVIEW LOAN FILES AT BOB STOREY'S OFFICE.

TOTAL FOR SERVICES [illegible]

TOTAL THIS STATEMENT $364.00

PAID 364.00
CK #
DATE 10-14-86

DKSN029037

ROSE LAW FIRM

Draft Bill

98262 MADISON GUARANTY SAVINGS/LOAN
MR. JOHN LATHAM, PRESIDENT
16TH AND MAIN
LITTLE ROCK, AR 72201

6 BABCOCK

ATTY	DATE	TIME	MATTER VALUE	DESCRIPTION OF SERVICES RENDERED	
HRC	07/15/86	.30	42.00	TELEPHONE CONFERENCE WITH DAVID HALL; TELEPHONE CONFERENCE WITH DON BENTON	14670
HRC	07/16/86	.20	28.00	CORRESPONDENCE TO DAUGHERTY FOR BENTON; CORRESPONDENCE TO RULE	12924
HRC	07/17/86	.10	14.00	Correspondence to Don Benton	12936
HRC	08/08/86	.50	70.00	TELEPHONE CONFERENCE WITH KID STOREY REGARDING EXAMINATION OF DOCUMENTS; CORRESPONDENCE TO DON BENTON	11500
HRC	08/19/86	1.50	210.00	REVIEW LOAN FILES AT SUB STOREY'S OFFICE.	1134
FEES TOTAL		2.60	364.00		

ATTY	DATE	CHECK	DISB APT	QUAN	DESCRIPTION OF DISBURSEMENT

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	B/HR	LAST	DISB
43 HRC HILLARY CLINTON	.60	84.00	84.00		140.00	07/17/86	
40 HRC [illegible] RULE,III	2.00	280.00	280.00		140.00	08/19/86	
9999 FIRM FIRM ATTORNEY	.00						
TOTAL FEES	2.60	364.00	364.00	1 .00			

AGED TIME AND DISB 08/27/86	0- 30	31- 60	61- 90	91- 120	121- 150	151*
TIME WORKED	2.00	.60				
MATTER VALUE	280.00	84.00				
STANDARD VALUE	280.00	84.00				
DISBURSEMENTS						

MEMO TYPE: 1 TIME & DISB BILL TYPE: 1 *REGULAR*

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 536.1

MATTER VALUE CALCULATION: STANDARD RATE:

FEE BASIS: STANDARD RATES: A

705

DKSN029038

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

hcr

CLIENT: 99211

MADISON GUARANTY SAVINGS/LOAN
Mr. JOHN LATHAM, PRESIDENT
10TH AND MAIN
LITTLE ROCK, AR 72201

DECEMBER 12, 1986
INVOICE # 16078

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID 71-0456614 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER: 6

SAMUELS

11/17/86	W. RULE,III	CORRESPONDENCE TO DON DENTON	.40	54.00
11/26/86	W. RULE,III	TELEPHONE CONFERENCE WITH DON DENTON; CONFERENCE WITH HILLARY CLINTON REGARDING ECONOLODGE	.40	54.00
		TOTAL HOURS	.80	
		TOTAL FOR SERVICES		$112.00

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) .30

DISBURSEMENTS TOTAL $.30

TOTAL THIS STATEMENT $112.30

PAID 112.30
CK # 1-9-87
DATE

ROSE LAW FIRM

DKSN029039

LAW OFFICES OF
ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

CLIENT: 99252

MADISON GUARANTY SAVINGS/LOAN
1624 WEST MAIN
LITTLE ROCK, AR 72201
ATTN: DAN DENTON

JANUARY 13, 1987
INVOICE # 15421

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID #71-0236516 - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED IN CONNECTION WITH:

MATTER:

STOCK OFFERING

DISBURSEMENTS

PHOTOCOPY EXPENSE (.15) 6.30 [illegible]

DISBURSEMENTS TOTAL [illegible]

TOTAL THIS STATEMENT $6.30

PAID 6.30
CK # [illegible]
DATE: 1-26-87

ROSE LAW FIRM

DKSN0 (9/84)

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
PHONE (501) 375-9131

hrc

CLIENT: 98262

MADISON GUARANTY SAVINGS/LOAN
16TH AND MAIN
LITTLE ROCK, AR 72201

MARCH 31, 1987
INVOICE # 15444

PLEASE MAKE CHECKS PAYABLE TO ROSE LAW FIRM ITAX ID [illegible] - RETURN THIS STUB WITH YOUR CHECK

FOR LEGAL SERVICES RENDERED BY HILLARY RODHAM CLINTON THROUGH 3/22/87 IN CONNECTION WITH:

MATTER: 4

GENERAL

PREPARE OPINION LETTER TO FEAT, WARWICK, MITCHELL AND COMPANY.

TOTAL FOR SERVICES [illegible]

DISBURSEMENTS

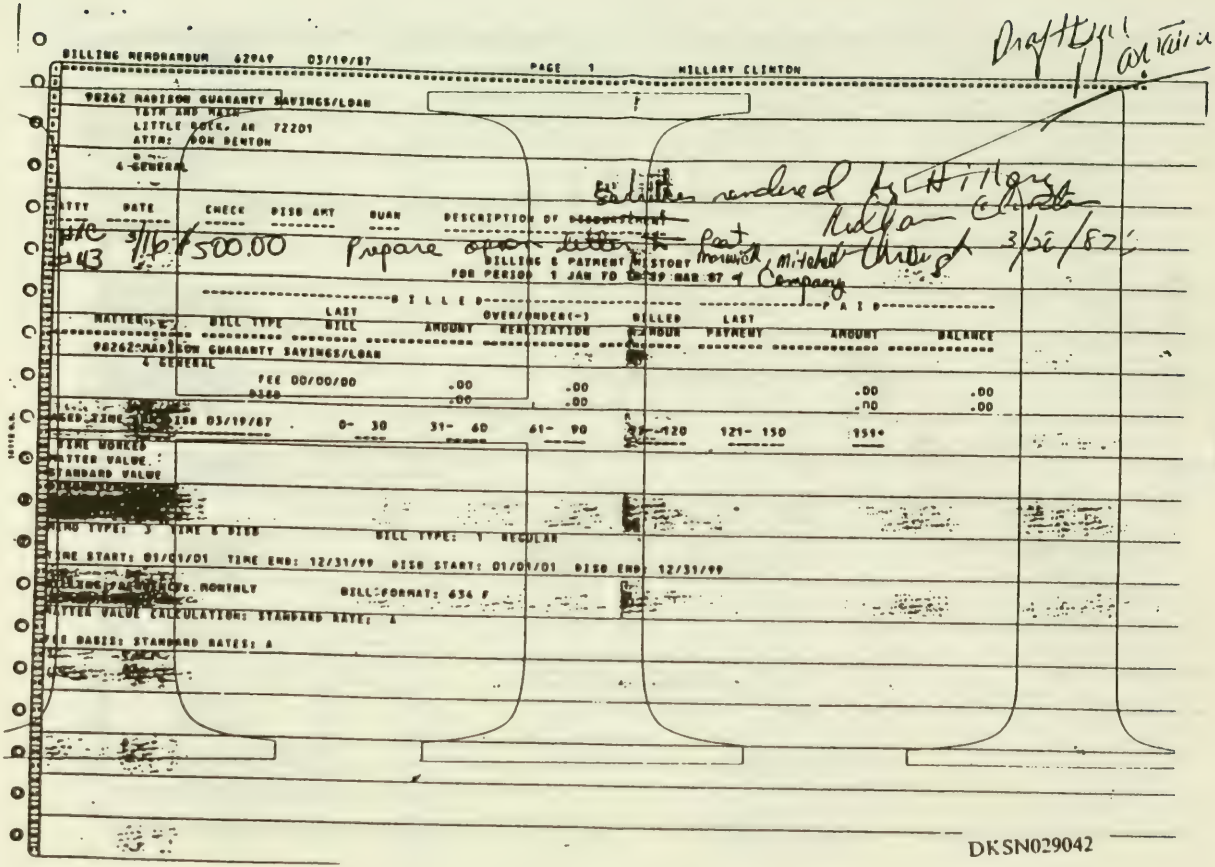
PHOTOCOPY EXPENSE (.15) .60

DISBURSEMENTS TOTAL 5.40

TOTAL THIS STATEMENT [illegible]

PAID
SEP 28 1987

ROSE LAW FIRM DKSN[illegible]



BILLING MEMORANDUM 62949 03/19/87 PAGE 1 HILLARY CLINTON

Draft letter rendered by Hillary Rodham Clinton 3/26/87

98262 MADISON GUARANTY SAVINGS/LOAN
10TH AND MAIN
LITTLE ROCK, AR 72201
ATTN: JON BENTON

4 GENERAL

ATTY DATE CHECK DISB AMT HOUR DESCRIPTION OF DISBURSEMENT

HRC 3/16 $500.00 Prepare opinion letter & fax to Mitchell Williams

BILLING & PAYMENT HISTORY FOR PERIOD 1 JAN TO 19 MAR 87 Company

MATTER	BILL TYPE	LAST BILL	BILLED AMOUNT	OVER/UNDER(-) REALIZATION	BILLED HOUR	LAST PAYMENT	PAID AMOUNT	BALANCE
98262 MADISON GUARANTY SAVINGS/LOAN								
4 GENERAL								
	FEE 00/00/00		.00	.00			.00	.00
	DISB		.00	.00			.00	.00

AGED TIME DISB 03/19/87 0- 30 31- 60 61- 90 91-120 121- 150 151+

TIME WORKED
MATTER VALUE
STANDARD VALUE

BILL TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

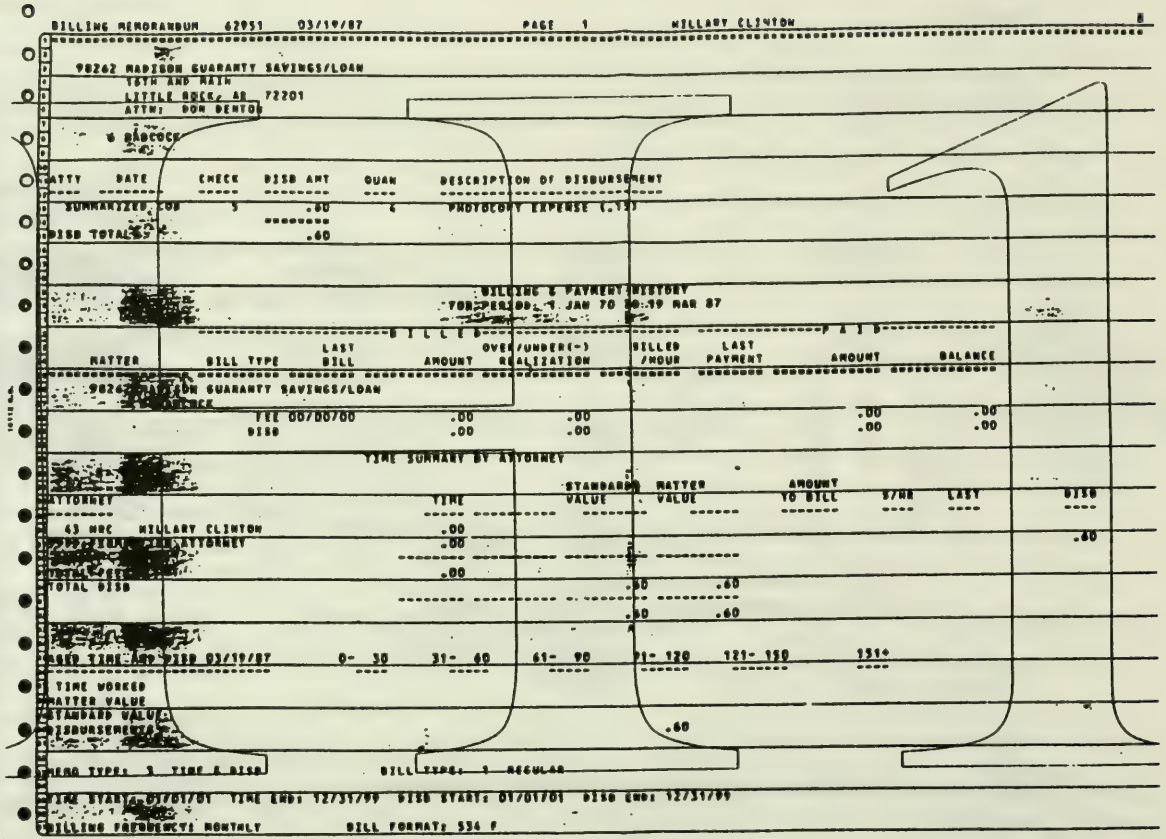
BILLING PERIOD: MONTHLY BILL FORMAT: 634 F

MATTER VALUE CALCULATION: STANDARD RATE: A

FEE BASIS: STANDARD RATES: A

709

DKSN029042



BILLING MEMORANDUM 62951 03/19/87 PAGE 1 HILLARY CLINTON

98262 MADISON GUARANTY SAVINGS/LOAN
10TH AND MAIN
LITTLE ROCK, AR 72201
ATTN: DON DENTON

W BABCOCK

ATTY DATE CHECK DISB AMT QUAN DESCRIPTION OF DISBURSEMENT

SUMMARIZED_COS 5 .60 6 PHOTOCOPY EXPENSE (.10)

DISB TOTALS .60

BILLING & PAYMENT HISTORY
FOR PERIOD: 1 JAN 70 TO 19 MAR 87

MATTER	BILL TYPE	LAST BILL	BILL AMOUNT	OVER/UNDER(-) REALIZATION	BILLED /HOUR	LAST PAYMENT	PAID AMOUNT	BALANCE
98262 MADISON GUARANTY SAVINGS/LOAN								
	FEE 00/00/00		.00	.00			.00	.00
	DISB		.00	.00			.00	.00

TIME SUMMARY BY ATTORNEY

ATTORNEY	TIME	STANDARD VALUE	MATTER VALUE	AMOUNT TO BILL	$/HR	LAST	DISB
43 HRC HILLARY CLINTON	.00						
[redacted] ATTORNEY	.00						.60
TOTAL FEES	.00		.00	.60			
TOTAL DISB			.00	.60			

WORK TIME AND DISB 03/19/87	0- 30	31- 60	61- 90	91- 120	121- 150	151+
TIME WORKED						
MATTER VALUE						
STANDARD VALUE						
DISBURSEMENTS				.60		

MEMO TYPE: 3 TIME & DISB BILL TYPE: 1 REGULAR

TIME START: 01/01/01 TIME END: 12/31/99 DISB START: 01/01/01 DISB END: 12/31/99

BILLING FREQUENCY: MONTHLY BILL FORMAT: 534 F

6TH STORY of Level 1 printed in FULL format.

The Associated Press

The materials in the AP file were compiled by The Associated Press. These materials may not be republished without the express written consent of The Associated Press.

April 22, 1994, Friday, BC cycle

SECTION: Washington Dateline

LENGTH: 10361 words

BYLINE: By The Associated Press

BODY:
Text of first lady Hillary Rodham Clinton's news conference in the State Dining Room of the White House on Friday:

Are we ready? Well, let me thank all of you for coming. I know this is a busy day. It got busier than I thought it would when we first made this decision early this morning, and I appreciate your gathering. I have in the last couple of days wanted to do this, and in part because I realized that, despite my traveling around the country and answering questions, I did not really satisfy a lot of you in having your questions asked and answered. And last week, I think it was Helen said, "I can't travel with her, so how can I ask her questions?" So, for that reason, we are here.

And, Helen, you get the first question.

Q: Since Whitewater has been in the news so much, I feel it's fair to ask you the same question I put to the president some time ago, and you are a co-partner. Do you know of any money that could have gone from Madison to the Whitewater project or any other husband's political campaigns?

A: Absolutely not. I do not.

Q: Mrs. Clinton -

A: Yes?

Q: Actually on the same theme, with your commodities profits, it - you know, it is difficult for a layman, and probably for a lot of experts, to look at the amount of the investment and the size of the profit. I mean, is there any way you can explain how you -

A: Well, I can certainly tell you what happened, and I appreciate your asking me about it, because I've tried to follow the accounting in the press about it, and I want to explain as clearly as I can what occurred.

Back in 1978 in October, one of our best friends, Jim Blair, who had been a friend of my husband's and mine for some time, talked to me about what he thought was a great investment opportunity. He is someone who has been an investor ever since he was a teen-ager, with usually very good results. And he had followed closely what had been happening in the cattle market. And I only knew a little bit about that, even though living in Arkansas, particularly

northwest Arkansas as I did, I was familiar with a lot of ranchers and people who were in the cattle industry.

And when Jim said, "I think there's going to be a great opportunity to make money," and explained why and asked me what I thought we could afford to invest, I told him $ 1,000. So I opened an account at his very strong recommendation and proceeded to trade over the next months until July.

You know, not all my trades made money. Some of them lost money. I talked to Mr. Blair very frequently. In fact, Jim would call me on a regular basis and I would make a decision whether I would or would not trade, and then the trade would be placed. Often he placed it for me. And there was nothing wrong with that. He was on the spot. He was often in the offices of the broker.

I stopped trading in July of 1979, and I did stop trading in large measure because I could not keep up with it. It takes a lot of nerve to be in the commodities trading, and I had just found out I was pregnant. And so when he called again I said, you know, I just don't want to do this anymore. And I think he may have even called a few more times saying, you know, it's really still doing well; trade again. And I didn't, and I'm glad I didn't because he and other friends of mine who were trading ended up losing money.

So it was a good investment offered by somebody who knew a lot, who could provide a lot of good advice, and I was lucky and made the decision to stop when I did. ...

I'll get there, just a minute.

Q: Do you wonder since then if maybe your broker might have, because of your position or your husband's, might have given you some kind of unfavorable - or, you know, a favored advantage?

A: There's really no evidence of that. I didn't believe it at the time. As I said, you know, I made and lost money in that commodities account. It was my money, it was at risk. The account was in my name, I got the reports. We've released all of the documents we could find from that period from that account.

So no, I had no reason to believe that. And as Mr. Leo Melamed, the former head of the Chicago Mercantile Exchange said when he looked at all of my trading records, there isn't any evidence that anybody gave me any favorable treatment. And even Mr. Blair, who ended up losing money, I think would find it very hard to argue that he got any favorable treatment. I just don't think there's any evidence of that

Q: Mrs. Clinton, you just said you stopped trading in July of 1979. Could you talk about the second account that was opened?

A: Sure -

Q: There was a second account with the Stephens Company in which I think you invested $ 5,000. And at first the White House claimed you lost money on it, but later you put out documents showing you actually made $ 6,000 on it and didn't close it until a few months after Chelsea was born.

A: That's right. And I'm glad you asked that because I really want to clarify it. I think there's been a lot of confusion.

There were two accounts. The first account, the one that I was just talking about, was the Refco account. I traded in that from October '78 to July of '79, when I found out I was pregnant and I stopped trading. Now, I closed that account for good in October of '79 and I took some of the money that I had made and put it into an account at Stephens.

MORE

And at that point, I made that a discretionary account. My Refco account was a non-discretionary account, which meant that I had to approve and give the go-ahead for every trade.

In the discretionary account at Stephens, my broker made most of the decisions, and I think did a good job for me. He diversified the money that I gave him and put it into money market and stocks and bonds, and $ 5,000 into some commodities.

Now what happened then is, in retrospect, as I've been able to reconstruct it now, is that my broker made these decisions, he checked with me maybe a couple of times a month, but because it was discretionary, he did not have to get my approval. And so money would be moved from one investment to another investment.

And during the course of the time between October of '79 and probably May of 1980, he had me in and out of three different commodity accounts, in much smaller numbers than what I had been in charge of doing in my Refco account.

In February of 1980, my daughter was born, at the very end of the month. And I remember talking to my broker some time after that, and I said, "You know, I just want to get out of commodities altogether. I don't ever want to have to worry about it." So he got me out of the positions that I had been in so that by May I was no longer doing any kind of commodity trading in the Stephens account.

Now, what happened, though, is that he took the money that I now know I made - I really didn't think I'd made any money in commodities - and he bought some stock and he did some other things for me. Now in the fall of 1980, my husband lost his election, we moved, so by 1981, when I gathered all my documents together to give to my accountant, I had a year-end statement from Stephens which did not report anything about commodities. I had a year-end statement from the Peavey Brokerage Company, which reported a loss, and I had no year-end statement from either Clayton or the company called ACLI.

So I think what happened is we bundled all of the documents we had because I took all of the reports that I had, gave them to the accountant, and I believed that in the absence of a year-end statement, the accountant and my husband and I missed the fact that we had actually made some money in the Aklee account.

Q: ... don't remember that profit?

A: No, I did not remember that profit. I did not. And in fact, as you said, when some people looking at the records for me began looking at it originally, they looked at the records and they thought I had had a $ 5,000 loss. And they came to me and said, "It looks like you had a loss which you didn't report." And I

said, "You know, I just don't remember. I thought I basically got out with what I put in." And then they went back and relooked at it again with, you know, more accountants, and they came up with the gain, so it was hard to find apparently.

Q: Mrs. Clinton, with regard to the Refco account, just how did the procedure go? Did Mr. Blair basically recommend to you the transactions which you either said yes or no to? Or was it based more on knowledge that you had gained, as some of your staff have suggested, from reading the papers or whatever? What happened?

A: Well, Brit, it was primarily Jim's suggestion, but I also did try to educate myself. You know, I did try to read some things. He actually gave me a few documents to read, because he had this theory that, because of the economy in the early part of the 1970s, a lot of cattle herds had been liquidated so that there was going to be a big opportunity to make money in the late '70s. And he gave me things to read about that. And I did occasionally read, you know, publications like The Journal and others, and you know, I tried to educate myself, because I took the responsibility seriously.

But I relied primarily on his advice, because he really spent an enormous amount of time studying the market and talking to many more people than I ever could have, people who, you know, ran feed lots or bought beef for large supermarket chains. So he would talk to me, and he'd say, "Here's what I think is going on; what do you think?" Now, I did not make every trade he recommended, and certainly by July when I began to, you know, get nervous about it, I stopped taking his recommendations because I just couldn't bear the risk anymore.

Q: Did it concern you at the time that, because of his position with the company that he represented, that there was an ethical question raised by your accepting this level of assistance in a financial matter from him?

A: No. It did not. And the reason it didn't is that he and his wife are among our very best friends. My husband performed their marriage ceremony. I was the best person at the wedding. We are very close friends. And I found it a little bit surprising that anyone would suggest that, because in 1980, right during the time that this was all going on, when my husband ran for reelection, Tyson supported his opponent.

So there's really no basis for suggesting it was anything other than what it was, which was a friend who made a suggestion and not just to me but to a number of people, which I think was, you know, very fortunate for me.

Q: Mrs. Clinton?

A: Yeah?

Q: You said that there was no preferential treatment in all of this. The records indicate that your account was short of money at various points. Were there margin calls? And did you meet any of those calls? And were you aware at any time that Refco was coordinating trades to drive prices up or down?

A: No, I was not aware of that, Andrea. I was told that after I stopped trading some months later, and I know there were lawsuits alleging that. I don't think any of that was ever proved, at least that I'm aware of. And when my position was under-margined, I would either close out my position or use the

CONFIDENTIAL

UNITED STATES OF AMERICA

RESOLUTION TRUST CORPORATION

WASHINGTON, D.C.

IN THE MATTER OF:	
Madison Guaranty Savings & Loan Association (7235) McCrory, Arkansas	ORDER OF INVESTIGATION (Feb. 4, 1994)

SUPPLEMENTAL INTERROGATORY RESPONSES OF HILLARY RODHAM CLINTON

Interrogatory No. 31: DESCRIBE when and in what circumstances YOU first met SETH WARD.

I believe that I met Seth Ward sometime after I went to work at the Rose Law Firm in January, 1977. I believe that Webster Hubbell introduced us, but I don't recall the exact circumstances of the meeting.

Interrogatory No. 32: DESCRIBE when YOU first performed legal services for:

(a) SETH WARD, individually;

To the best of my recollection, I don't believe that I have performed legal services for Seth Ward individually, although I did confer with him on certain matters, as described more fully herein, when he was working for Madison Financial Corporation, a wholly owned subsidiary of Madison Guaranty Savings & Loan. At some time I may have performed legal services for him, perhaps in conjunction with some other Rose Law Firm lawyer, but I have no recollection of doing so.

(b) Any entity owned or controlled by SETH WARD or his son Seth Ward II;

I'm not aware of all the entities that may have been "owned or controlled" by Seth Ward or his son. As noted above and as described more fully herein, I did confer with Mr. Ward on certain matters when he was working for Madison Financial Corporation. As a member of the litigation section of the Rose Law Firm, I may have done work in cases where the firm represented such entities, but I don't specifically recall such work.

(c) The Little Rock Airport Commission.

The Little Rock Airport Commission was one of my clients at the Rose Law Firm. I am not sure when my representation began, but I believe it was in the late 1970's or early 1980's.

Interrogatory No. 33: Did YOU prepare, or supervise the preparation of, document SW1-070 through SW1-074?

Global Response to No. 33:

I have reviewed document SW1-070 through SW1-074 (which appears to be an option agreement dated May 1, 1986, on a 6.6667 acre parcel of land in Pulaski County, Arkansas) and document SW1-063 through SW1-068 (which appears to be an option agreement dated May 1, 1986, on land described as "[p]art of Tracts 27 & 28, Holman Acres, Pulaski County, Arkansas"). I have no recollection of these documents or the transactions they reflect. I do not recall what my word processing code was in 1986. My time records reflect the following entry for May 1,

1986, representing two hours of work done for Madison Guaranty on the "General" account: "Conference with Seth Ward; telephone conference with Seth Ward concerning option; telephone conference with Mike Schauffler [sic]; prepare option." I know that Mike Schaufele is a CPA at L. Cotton Thomas & Company, and I believe he was Mr. Ward's CPA at one time. Based upon the May 1, 1986, entry in my time records, I believe that I did some work on these documents. The client was Madison Guaranty or Madison Financial, not Seth Ward. I have no recollection of what this work was, who originally prepared the option documents, how many pages of the documents were typed at the Rose Law Firm, what the circumstances were which led to the drafting of these options, or whether either of the options was ever exercised. I was in the litigation section of the Rose Law Firm. Although I have no specific recollection of this matter, I do not believe I would have drafted such real estate documents from scratch, particularly in a two-hour period that also contained phone calls and conferences. I have no recollection of who may have asked me to prepare these documents, or, in particular, if Messrs. McDougal, Latham, Ward, or Hubbell asked me to prepare or work on these documents, although it is possible that one or more of them did so. I have no recollection of discussing these documents prior to March 11, 1991, although I believe, based upon my time records, that I probably did in 1986 when the documents were apparently

prepared. I do not know what relationship there is, if any, between these two option agreements.

Interrogatory No. 34: Does the word processing code on this document ("0190g," in the lower right-hand corner of pages SW1-071 through SW1-074) mean that this document was prepared by or for YOU? In particular, does the "g" in this code stand for YOU?

Please see Global Response to No. 33, supra.

Interrogatory No. 35: If YOU prepared, or supervised the preparation of, document SW1-070 through SW1-074, when and for what client was this document prepared? In particular, was the client one or more of the following: MADISON GUARANTY; MADISON FINANCIAL; or SETH WARD?

Please see Global Response to No. 33, supra.

Interrogatory No. 36: If YOU prepared, or supervised the preparation of, document SW1-070 through SW1-074, identify the PERSON who asked YOU to prepare this document. In particular but without limitation, did Webster Hubbell or SETH WARD or Jim McDougal or John Latham ask YOU to prepare this document?

Please see Global Response to No. 33, supra.

Interrogatory No. 37: If YOU prepared, or supervised the preparation of, document SW1-070 through SW1-074, DESCRIBE the reasons why YOU, a litigator, were asked to prepare this document, as opposed to someone from the tax or commercial section of the Rose Law Firm.

Please see Global Response to No. 33, supra.

Interrogatory No. 38: If YOU prepared, or supervised the preparation of, document SW1-070 through SW1-074, DESCRIBE the purpose or purposes for which this document was prepared.

Please see Global Response to No. 33, supra.

Interrogatory No. 39: At any time before March 11,1991, did YOU ever discuss document SW1-070 through SW1-074 with

anyone? If so, identify each such PERSON and DESCRIBE the conversation about this document.

Please see Global Response to No. 33, supra.

Interrogatory No. 40: Did YOU prepare, or supervise the preparation of, document SW1-063 through SW1-068?

Please see Global Response to No. 33, supra.

Interrogatory No. 41: If YOU prepared, or supervised the preparation of, document SW1-063 through SW1-068, when and for what client was this document prepared? In particular, was the client MADISON GUARANTY, MADISON FINANCIAL or SETH WARD, or all three?

Please see Global Response to No. 33, supra.

Interrogatory No. 42: If YOU prepared, or supervised the preparation of, document SW1-063 through SW1-068, identify the PERSON who asked YOU to prepare this document. In particular but without limitation, did Webster Hubbell or SETH WARD or Jim McDougal or John Latham ask YOU to prepare this document?

Please see Global Response to No. 33, supra.

Interrogatory No. 43: If YOU prepared, or supervised the preparation of, document SW1-063 through SW1-068, DESCRIBE the reasons why YOU, a litigator, were asked to prepare this document, as opposed to someone from the tax or commercial section of the Rose Law Firm.

Please see Global Response to No. 33, supra.

Interrogatory No. 44: EXPLAIN the purpose or purposes for which document SW1-063 through SW1-068 was prepared.

Please see Global Response to No. 33, supra.

Interrogatory No. 45: At any time before March 11, 1991, did YOU ever discuss document SW1-063 through SW1-068 with anyone? If so, IDENTIFY each such PERSON and DESCRIBE the conversation about this document.

Please see Global Response to No. 33, supra.

Interrogatory No. 46: Identify Dorothy E. Olinger. [See document SW1-068.] In May 1986, did she work for the Rose Law Firm? If so, in what capacity?

I do not recognize this name. I do not recall her working at the Rose Law Firm, but it is possible she did.

Interrogatory No. 47: Identify each secretary who worked for YOU at the Rose Law Firm in 1985 or 1986.

As best I can recall, Ms. Janet Faulkner and Ms. Sandra Moody were my secretaries at the firm during this period.

Interrogatory No. 48: Did document SW1-063 through SW1-068 supersede or replace SW1-070 through SW1-074? If so, why?

Please see Global Response to No. 33, supra.

Interrogatory No. 49: State whether, at any time on or before March 11, 1991, YOU had read any of the documents listed in the subparts to this interrogatory or otherwise become aware of the matters described or embodied in any of them:

(a) RIC-023349;

(b) SW1-004;

(c) Document entitled "Minutes of Meeting Board of Directors MADISON FINANCIAL Corporation September 12, 1985," marked 0000091;

(d) "Assignment" dated September 13, 1985;

(e) SW1-008 through SW1-009;

(f) SW1-005 through SW1-007;

(g) SW1-040;

(h) Simple Interest Note, Disclosure, and Security Agreement for a $400,000 loan, MADISON GUARANTY Loan No. 4027-[illegible], dated March 31, 1986, signed by SETH WARD;

(i) SW1-057;

(j) SW1-062.

I do not recall seeing any of these documents on or before March 11, 1991.

Interrogatory No. 50: Answering separately for each document listed in Interrogatory No. 49 as to which your answer to Interrogatory No. 49 is anything other than "No":

(a) state when YOU first read or otherwise become aware of the matters described or embodied in that document;

Please see response to No. 49, supra.

(b) DESCRIBE each and every conversation YOU had with anyone about that document or the matters described or embodied in it.

Please see response to No. 49, supra.

Interrogatory No. 51: With respect to document SW1-005 through SW1-007:

(a) Did YOU prepare, or participate in the preparation of, this document?

I do not know. Please see response to No. 49, supra.

(b) Did Webster Hubbell prepare, or participate in the preparation of, this document?

I do not know. Please see response to No. 49, supra.

(c) Identify each PERSON who participated in the preparation of this document.

Please see response to No. 49, supra.

Interrogatory No. 52: State whether, at any time on or before March 11, 1991, YOU had read or otherwise become aware of the provisions of section V(C) of the Rules and Regulations of the Arkansas Savings and Loan Association Board. [A copy is attached.] If YOUR answer is anything other than "No," state

when YOU read or became aware of section V(C) and whether YOU did so in connection with work for MADISON GUARANTY.

While of course I can't recall everything I have read during my professional life, I do not believe I read or otherwise became aware of the provisions of Section V(C) of the Rules and Regulations of the Arkansas Savings and Loan Association Board at any time on or before March 11, 1991. I did not have any expertise in the intricacies of savings and loan regulation.

Interrogatory No. 53: State whether, at any time on or before March 11, 1991, YOU knew or heard that SETH WARD had purchased a portion of CASTLE GRANDE. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Global Response to No. 53:

In these Supplemental Interrogatories, the RTC has defined "CASTLE GRANDE" to mean:

> "the approximately 1,050 acres of real property, located approximately 15 miles south of Little Rock at the intersection of Highway 65/167 and 145th Street, that IDC sold to MADISON FINANCIAL and SETH WARD on or about October 4, 1985."

In the RTC's interrogatories which I answered on May 24, 1995, the term "Castle Grande" was not defined, and we construed this reference to be to Castle Grande Estates, a mobile home development which I now understand to be a portion of the 1050-acre tract. In these responses to the Supplemental Interrogatories, I will refer to the entire tract not as CASTLE GRANDE but as the "IDC PROPERTY", because "IDC" was the billing

name for work involving that property at the Rose Law Firm. My knowledge about the IDC PROPERTY was limited, and I can recall knowing nothing about the Castle Grande Estates portion of it.

My answers to Interrogatories 53 through 61 are "No", to the best of my recollection, except as set forth herein. Since I had conversations with Seth Ward, it is possible that I did once know something more that would be responsive to these interrogatories, but if I did, I do not recall it now. As previously indicated, while I do not recall the two hours of work on the option agreement, the documents themselves indicate that Seth Ward owned the land being optioned to Madison Financial Corporation, but nothing in the text of the agreements connects the land to the IDC property, my time was billed to "General" and not "IDC," and the property referenced in the options, as I now understand, has nothing to do with Castle Grande Estates. As previously indicated, I was a member of the firm's litigation section. I believe that my work on the IDC matter was confined to discrete legal questions which arose after the acquisition of the IDC PROPERTY. While I have done my best to refresh my recollection about this representation of ten and eleven years ago, I simply do not now have more information responsive to Interrogatories 53-61.

Interrogatory No. 54: State whether, at any time on or before March 11, 1991, YOU knew or heard that MADISON GUARANTY had financed SETH WARD's acquisition of a portion of CASTLE GRANDE. If YOUR answer is anything other than "No," DESCRIBE

what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 55: State whether, at any time on or before March 11, 1991, YOU knew or heard that SETH WARD had given MADISON FINANCIAL an option to purchase from SETH WARD part or all of the portion of CASTLE GRANDE that SETH WARD had purchased from IDC. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 56: State whether, at any time on or before March 11, 1991, YOU knew or heard that MADISON FINANCIAL had agreed to pay SETH WARD a commission on the sale of any portions of CASTLE GRANDE that SETH WARD or MADISON FINANCIAL sold. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 57: State whether, at any time on or before March 11, 1991, YOU knew or heard that MADISON FINANCIAL had agreed that SETH WARD would receive approximately 22.5 acres of CASTLE GRANDE (the acreage described in SW1-007) as partial compensation for SETH WARD's services in connection with the acquisition of CASTLE GRANDE. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 58: State whether, at any time on or before March 11, 1991, YOU knew or heard that, in April 1987, SETH WARD purportedly had loaned $300,000 to MADISON FINANCIAL. [See document SW1-057 and the Resolution of the Board of Directors of MADISON FINANCIAL dated as of April 4, 1986.] If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 59: State whether, at any time on or before March 11, 1991, YOU knew or heard that, or thought about the possibility that, SETH WARD had acted as a straw man or nominee for MADISON GUARANTY or MADISON FINANCIAL when he purchased several portions of CASTLE GRANDE from IDC. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard or thought about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 60: State whether, at any time on or before March 11, 1991, YOU knew or heard that, or thought about the possibility that, one purpose of document SW1-063 through SW1-068 and/or document SW1-070 through SW1-074 was to pay commissions that MADISON FINANCIAL owed to SETH WARD in a form that would make them taxable not as ordinary income but as long-term capital gains on an asset (the land covered by the option) held by SETH WARD for over six months. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard or thought about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 61: State whether, at any time on or before March 11, 1991, YOU knew or heard that, the Rose Law Firm had represented Worthen Bank and Trust Company, Union National Bank and First Commercial Bank, N.A., or any of them, in connection with their loans to IDC. If YOUR answer is anything other than "No," DESCRIBE what YOU knew or heard about this subject before March 11, 1991, and when and from what source YOU learned it.

Please see Global Response to No. 53, supra.

Interrogatory No. 62: The answer to Interrogatory No. 17(b), at page 35 of the Interrogatory Responses of Hillary Rodham Clinton, dated May 24, 1995, indicates that YOU were the billing partner for at least certain matters that the Rose Law Firm undertook for MADISON GUARANTY. With respect to that answer:

(a) Were YOU billing partner for matters nos. 1 through 4, all of which were opened in 1985? [Matters nos. 1 through 4 were "Stock Offering," "Limited Partnership," "Bibler" and "General."]

Yes.

(b) Was Webster Hubbell the billing partner for MADISON GUARANTY matter no. 5, entitled "I.D.C.," which was opened on or about August 2, 1985?

No, based on the time records, I believe that I was.

(c) If so, why was Webster Hubbell, rather than YOU, the billing partner for matter no. 5?

Please see my response to No. 62(b), supra.

Interrogatory No. 63: Identify the lawyers at the Rose Law Firm who had responsibility for obtaining Madison Guaranty matter no. 5 ("I.D.C.") for the Rose Law Firm. If the matter came to the Rose Law Firm without any solicitation on the part of the Rose Law Firm, identify the lawyer or lawyers at the Rose Law Firm to whom the matter was referred by the client or clients, and identified with respect to MADISON GUARANTY matter no. 5.

I do not recall how or why the Rose Law Firm was asked to give legal advice concerning IDC, or who was responsible for this.

Interrogatory No. 64: DESCRIBE the work YOU performed with respect to MADISON GUARANTY matter No. 5.

I remember almost nothing about this work, but after reviewing certain memoranda prepared by Rose Law Firm lawyer Rick Donovan and copies of the Rose Law Firm billing records for the Madison Guaranty matter (which have been furnished to the RTC), I believe that the work I did on this matter consisted primarily of supervising research concerning legal issues, such

as whether it would be legal to open a tasting room for a proposed brewery, in light of the fact that the land was, arguably, located in what had once been a "dry" township, and other questions relating to the provision of water and sewer service by a utility which was located within the IDC PROPERTY. I believe that, based upon my time records, I conferred with Seth Ward on several occasions, and I believe that I would have discussed the legal research the firm was conducting, but I have no recollection of the content of these conversations. Also, as previously indicated, I believe that I had some limited involvement with an option agreement between Mr. Ward and Madison Financial (which appears to have been billed as a "General" rather than an "IDC" matter), although I have no recollection of that project.

Interrogatory No. 65: DESCRIBE the work Webster Hubbell performed with respect to MADISON GUARANTY matter no. 5.

I do not know what work, if any, Webster Hubbell performed with respect to the IDC matter. According to the billing records, copies of which my counsel have furnished to the RTC, he does not appear to have billed any time to the matter.

Interrogatory No. 66: DESCRIBE the work Thomas P. Thrash performed with respect to MADISON GUARANTY matter no. 5.

I have no recollection of what work Mr. Thrash did, but the billing records my counsel have furnished to the RTC show that he billed time for some real estate work on the IDC matter.

Interrogatory No. 67: Please refer to documents RIC-1 18729, RLF2 02932 through RLF2 02943 and RLF2 02928 through RLF2 02931. Document RIC-1 18729 is a "daily timesheet" for R. Davis Thomas, Jr., dated October 18, 1985. It indicates that Mr. Thomas spent 3.5 hours on work that it describes as follows: "RS [research] on what approvals, permits, etc. are necessary to operate sewer and water facilities; multiple TCFW [telephone conferences with] state agencies; Memo to Webb Hubbe[11]." Documents RLF2 02932 through RLF2 02943 and RLF2 02928 through RLF2 02931 are memoranda dated February 17, 1986 and March 4, 1986 addressed to YOU regarding a legal issue with respect to sewer and water facilities at CASTLE GRANDE. Please answer the following questions with respect to these documents:

(a) Have YOU ever seen a memorandum to Webster Hubbell regarding sewer and water facilities at CASTLE GRANDE?

I do not recall seeing such a memorandum.

(b) If so, had YOU seen this memorandum before early 1986, when YOU supervised the research by Richard Donovan that resulted in documents RLF2 02932 through RLF2 02943 and RLF2 02928 through RLF2 02931?

Please see response to No. 67(a), supra.

(c) Have YOU ever discussed the sewer and water facilities at CASTLE GRANDE with Webster Hubbell? If so, state when and DESCRIBE the discussion.

I can recall no such discussions.

Interrogatory No. 68: At any time, did YOU open or maintain or have custody of a file or other collection of documents PERTAINING TO CASTLE GRANDE and/or MADISON GUARANTY matter no. 5? If YOUR answer is anything other than "No," IDENTIFY each such file or other collection of documents, state whether it exists today and, if it no longer exists, DESCRIBE when, where, under what circumstances and by whom it was destroyed or otherwise disposed of.

I don't recall whether I opened or maintained or had custody of a file or collection of documents pertaining to the IDC PROPERTY, but I believe I probably did. While I have no personal recollection, I am informed that the Rose Law Firm has

furnished law firm records to the RTC (copies attached hereto as Tab A), indicating that, in 1988, the firm asked its members to review their old files to determine whether the firm could save money by reducing the number of closed stored files. It appears that I cooperated with this effort and indicated that many of my closed client files, apparently including certain files relating to the firm's representation of Madison Guaranty, did not need to be retained.

Interrogatory No. 69: Please refer to copies of Rose Law Firm fee credit reports Bates-stamped as documents RIC 120795, RIC 120797, RIC 120803, RIC 120810, RIC 120813, RIC 120820, RIC 120821, RIC 120824 and RIC 120825. With respect to these documents:

Global Response to No. 69:

These documents appear to be related to documents RLF23 03030 through RLF2 030031, which the RTC attached to Interrogatory No. 17 in its first set of interrogatories. I incorporate here by reference my answer to that interrogatory. The documents attached to Interrogatory 69 appear to be excerpts from the monthly fee credit reports which Rose Law Firm partners received. The billing records produced to the RTC provide a more complete summary of the IDC work performed.

(a) DESCRIBE which entries mentioning YOU PERTAIN to legal services that YOU rendered with respect to MADISON GUARANTY matter no. 5.

Please see Global Response to No. 69, supra.

(b) DESCRIBE which entries mentioning YOU PERTAIN to the preparation, or supervision of the preparation of, documents SW1-070 through SW1-074 and(or SW1-062 through SW1-068.

Please see Global Response to No. 69, supra.

(c) DESCRIBE which entries mentioning YOU PERTAIN to legal services that YOU rendered with respect to MADISON GUARANTY matter no. 5 other than services supervising the legal research summarized in RLF2 02932 through RLF2 02943 and RLF2 02928 through RLF2 02931.

Please see Global Response to No. 69, supra.

(d) DESCRIBE the legal services that YOU rendered with respect to MADISON GUARANTY matter no. 5 other than supervising the legal research summarized in RLF2 02932 through RLF2 02943 and RLF2 02928 through RLF202931.

Please see Global Response to No. 69, supra, and response to No. 64, supra.

Interrogatory No. 70: Please review document RTC KC 41004 and answer these questions:

(a) When did YOU first see this document?

I don't believe I've seen this document before.

(b) Did YOU participate in its preparation?

No.

(c) Who was Webster Hubbell representing in writing this letter?

I don't know.

(d) For what purpose was this letter written?

I don't know.

Interrogatory No. 71: Please review document RTC KC 42271 and answer these questions:

(a) When did YOU first see this document?

I don't believe I've seen this document before.

(b) Did YOU participate in its preparation?

No.

(c) For what purpose was the letter written?

Apart from what the letter says, I don't know.

(d) If YOU saw this letter before March 11, 1991, were YOU at any time before March 11, 1991 aware of facts suggesting that anything stated in this letter was not completely accurate?

Please see response to 71(a), supra.

* * * * * * *

I incorporate here by reference the "NOTE" on pages 76-77 of my earlier answers to the RTC's interrogatories.

_____
HILLARY RODHAM CLINTON

Subscribed and sworn to before me
this ___ day of January, 1996.

_____
Notary Public

CONTINUATION SHEET		PAGE 9 OF 10
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
JAMES T. CLARK	June 10, 1996	WA-94-0016

CLARK confirmed that he wrote the first note. CLARK said that the name of the attorney that appears in parenthesis in his notes is "HUBBELL". He said that he did not recall the specific discussion, but recalled the situation. He said that he became aware that MFC had borrowed $300,000 and $73,000 from WARD in April, 1986 and was attempting to determine whether the borrowing was connected to the $400,000 loan MGSL made to WARD on March 31, 1986. He recalled that he was told during his inquries that the notes were not connected and that loan #4027 was not related to the Ward loan to Madison Financial. CLARK was not sure, but believes he was talking to DENTON when he wrote the notes.

CLARK did not specifically recall the notes by "Darlene." He said that was DARLENE FORD, an examiner who assisted him on the examination. He believed that he may have asked FORD to follow up on what he had been told about the option.

CLARK was asked to outline his understanding at the time of the examination of the relationship between loan #4027 and the Ward to Madison Financial loan. CLARK stated again that he was told that the loans were "completely separate deals". Madison's "excuse" for loan #4027 was that it was "not connected to the Ward-MFC" loan, but was to enable WARD to payoff other loans or debts. CLARK stated that Madison's "excuse" for the Ward-MFC loan was "MFC wants to buy land from Ward, they're going to write option agreement, Ward wants a guaranty of performance on the option, and that is the reason for this note -- in the fullness of time, note will not be funded because the option will be exercised and WARD paid then, and the note will be cancelled." CLARK was asked whether this was an unusual arrangement, and he responded that it "Makes no sense at the time, less now", expecially when the property securing loan #4027 was the same land subject to the option.

CLARK was read portions of testimony by LATHAM concerning the connection between WARD loan 4027 and the two notes made by WARD to MFC, and that the loan 4027 was a way to pay WARD commissions. He said that he had not been aware of that reported connection between the loans. He said that if he had known, he would have called the transaction a direct investment in MFC by MGSL. He said that MGSL should have shown the notes from WARD listed on their books as accounts receivable. CLARK stated that the testimony "cannot jibe with what was said" to the examiners.

He said that if he had known about the commissions, at the very least he would have called it a direct investment by Madison Guaranty into MFC because MGSL would be funding MFC's obligations, and he would have been asking what WARD did to earn the commissions, and that the commissions would been a further indication that WARD was a "straw" buyer in the IDC purchase. He also said that if the loan had been made to pay commissions, he would have considered the loan "deceptive on its face." CLARK stated it would violate regulations that required transactions to be fully and completely documented so that their true nature is apparent to the examiners and anyone else. CLARK said that there was no way that the trial testimony was consistent with what he had been told during the examination. CLARK stated that "connection was the very point he was seeking and they're saying in the examination -- no." CLARK also indicated that based upon what he had now learned the option was created "in order to conceal the connection -- whatever it was -- between #4027 and Ward-MFC".

CLARK was asked about the possible use of the May 1, 1986 option to establish a value for the property for the benefit of the examiners. CLARK stated that he "would not have credited the value based on the option price".

CLARK was shown a copy of the front page of a version of the May 1, 1986 option that had a note by FORD

federal examiners at Madison Guaranty Savings & Loan?

A. I think that may have been of some concern to him as well.

Q. I want you to look at now what's been introduced as Defendant's Exhibit 3, an option to purchase tracts 27 and 28 of Holman Acres. Can you tell the jury about the circumstances surrounding the financial corporation taking an option out on this property?

A. Yes. I know this is confusing, but the loan was done really at that time in lieu of the option. The option more concretely or more accurately reflects the nature of the transaction, that being that the service corporation owed Seth $300,000 in commissions. In the initial purchase of all of that property, Seth retained tracts 27 and 28 of Holman Acres as his commission, which was later to be bought by the service corporation. The option allows the service corporation to buy the property from Seth, thus Seth receives the $300,000, and the service corporation would have the property.

The note was done very quickly to make sure that that debt was evidenced should something happen to anybody to protect Seth. The note, however, would have left, if that was the way it was finally structured, would have left Seth with the $300,000 plus the property, which was not the intent of the transaction.

MR. JENNINGS: If the Court please, we object to

that statement as being intent to vary the terms of the written agreement by oral testimony.

THE COURT: Objection be denied.

Q. (By Ms. Bartley) Mr. Latham --

MR. JENNINGS: May I ask this witness what's the source of his information?

THE COURT: I'll let you cross him.

MR. JENNINGS: You mean later?

THE COURT: After while.

Q. (By Ms. Bartley) Now, you've testified that the note was to evidence -- the note given by MFC to Ward was evidence of $300,000; the option was to effectuate the intent, which was to purchase tracts 27 and 28 from Mr. Ward for $300,000. Then Mr. Ward would have the money, and Madison Financial Corporation would have the land; is that correct?

A. Yes, that's correct.

Q. Now, the option is in the amount of $400,000. Do you know why it's taken for 400,000?

A. No, other than when it was drawn up it may have been to offset the note, which was also for $400,000. I believe at the time the balance on the note was 300,000, that 100,000 had been paid off, the 300,000 remaining being -- what I remember as being the amount of the commissions. That would be the only thing I could think of on the option.

Q. Was MFC able to exercise the option and purchase the

For [illegible] Date 4/7 Time 3:40

WHILE YOU WERE OUT

M Sandra

of Hillary Clinton's Office Phone 375 9131

Telephoned	Called to See You	Wants to See You
Please Return Call	Will Call Again	Urgent

Remarks

Signed

TOPS FORM 3333

wd because of

[illegible] knows Lauren & brings to Saima's attention.

OD problems

Courtland Heights problems caused loss of credibility with sub-cont. suppliers & RE industry.

10-18-84 Violation stated - "Borrower's Deposit" — Sawers assumed responsibility for disposition of refunds.

DD 000000241

Brokerage fees paid - we did not know about - low dirt values.

ALFONSE M. D'AMATO, NEW YORK, CHAIRMAN
PHIL GRAMM, TEXAS
RICHARD C. SHELBY, ALABAMA
CHRISTOPHER S. BOND, MISSOURI
CONNIE MACK, FLORIDA
LAUCH FAIRCLOTH, NORTH CAROLINA
ROBERT F. BENNETT, UTAH
ROD GRAMS, MINNESOTA
PETE V. DOMENICI, NEW MEXICO
PAUL S. SARBANES, MARYLAND
CHRISTOPHER J. DODD, CONNECTICUT
JOHN F. KERRY, MASSACHUSETTS
RICHARD H. BRYAN, NEVADA
BARBARA BOXER, CALIFORNIA
CAROL MOSELEY-BRAUN, ILLINOIS
PATTY MURRAY, WASHINGTON
HOWARD A. MENELL, STAFF DIRECTOR
ROBERT J. GIUFFRA, JR., CHIEF COUNSEL
PHILIP E. BECHTEL, DEPUTY STAFF DIRECTOR
STEVEN B. HARRIS, DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

June 13, 1996

By Hand Delivery

David Kendall, Esq.
Williams & Connolly
725 Twelfth Street, N.W.
Washington, D.C. 20005

Dear Mr. Kendall:

It has come to the attention of the Special Committee to Investigate Whitewater Development Corporation and Related Matters that the First Lady has offered, through Associate Special Counsel to the President Mark Fabiani, to respond in writing to questions posed regarding the subject matter of the Committee's work.

As you know, the Committee will submit its report to the Senate on Monday, June 17. Accordingly, we are pleased to accept the First Lady's offer to provide a statement in response to questions. We request that the statement be furnished under oath.

Of principal concern to the Committee at this point are certain questions relating to the Rose Law Firm billing records you produced to this Committee on January 5, 1996. These questions arise because of important new evidence received by the Committee only within the last two days. In fairness, we will outline this evidence to you.

The billing records disclose that Mrs. Clinton billed substantial hours for IDC, otherwise known as Castle Grande. Evidence received by the Committee establishes that from October 1985 through the spring of 1986, James McDougal and his confederates engaged in a series of land flips and insider loans, generally described at the time by federal bank examiners as a "sham transaction." The examiners concluded that Seth Ward acted in effect as a "straw man" holding a large parcel of land to avoid regulatory restrictions on Madison's investment in that property.

Newly discovered evidence indicates that a $300,000 note and a $70,943 note from Madison Financial Corporation to Mr. Ward, dated April 7, 1986, were intended to disguise Madison Guaranty's prior payment of commissions to Ward on behalf of its subsidiary.

Madison Financial. These notes evidently replaced an earlier $400,000 note. Evidence presented to the Committee indicates that the Ward-Madison notes were a way to hide the funding of Ward's "commission" for his participation as a "straw man" in the Castle Grande transactions.

According to the billing records, on May 1, 1986, Mrs. Clinton logged substantial time conferring with Seth Ward and drafting a document providing Madison Financial the option to buy some remaining Castle Grande property from Mr. Ward. Shortly after the May 1 option was drafted, it was shown to the bank examiners as purported evidence that the April 7 notes between Mr. Ward and Madison were unrelated to Mr. Ward's commissions for the "sham transaction." This was important because the examiners were then scrutinizing the legitimacy of the crossing loans and notes between Mr. Ward and Madison. Of course, had the regulators been aware of the true purpose of these Ward-Madison transactions, they might well have unraveled the entire scheme. This week, the examiner who was in charge of the 1986 Madison examination stated that "based upon what he had now learned the option was created 'in order to conceal the connection -- whatever it was -- between'" the Ward-Madison notes.

According to the billing records, Mrs. Clinton logged time to IDC on April 7, described as "Telephone Conference with Don Denton." Don Denton, of course, was the former Madison loan officer who played a significant role in the entire series of Castle Grande transactions. Significantly, that April 7 billing record entry is circled on the billing records in ink. (DKSN029024). You will note that April 7 coincides with the date of the notes discussed above.

Also according to the billing records, on May 1, Mrs. Clinton logged a substantial amount of time to conferring with Seth Ward and preparing the May 1 option. This entry on the billing records is also circled in ink. (DKSN029026).

Mrs. Clinton has previously testified under oath that she has "no recollection" of the option, other relevant documents, or the transaction they reflect. (Supplemental Interrogatory Responses of Hillary Rodham Clinton to the RTC, 1/20/96).

This was how the matter stood until this past Tuesday. On that day, according to the FDIC Inspector General, the FDIC finally had an opportunity to question Don Denton, the former Madison loan officer, about the April 7 conversation first revealed in the billing records. Mr. Denton told FDIC investigators that he recalls this conversation. As Mr. Denton described the events, he received a phone call from Mrs. Clinton and returned that call on April 7, 1986. This call is evidenced by a copy of Mr. Denton's contemporaneous message slip as well as by Mrs. Clinton's billing entry.

According to Mr. Denton, during the phone conversation, he and Mrs. Clinton discussed the previously described notes exchanged between Ward and Madison. Moreover, Mr. Denton recalls that during their April 7 conversation, he told Mrs. Clinton "that there could be a problem with the notes as they constituted in effect a parent entity fulfilling the obligation of a subsidiary."

Mrs. Clinton "'summarily dismissed'" Mr. Denton's "caution. . . in a manner which he took to mean that he was to take care of savings and loan matters, and she would take care of legal matters.".

Mr. Denton confirmed that he sent copies of the notes to Mrs. Clinton. Mr. Denton further stated that he received a copy of the May 1 option -- which was prepared by Mrs. Clinton according to her time sheets -- either from Mrs. Clinton or Seth Ward.

Mr. Denton said that he believed Mrs. Clinton was representing both sides of the Ward-Madison transaction.

In sum, Mr. Denton's evidence, given to federal investigators under a legal obligation of truthfulness, 18 U.S.C. § 1001, sheds new light on the nature and extent of Mrs. Clinton's work on this Castle Grande matter, especially that related to the April 7 notes and the May 1 Option. Also important, we should emphasize that without the belatedly discovered billing records, this evidence would very likely never have surfaced. This is particularly important because in 1988, according to the Rose Law Firm, Mrs. Clinton authorized the destruction of her law firm files related to her work for Madison.

In view of the foregoing, we request that Mrs. Clinton seek to refresh her memory about these transactions, and to inform the Committee of what she recalls about them.

In addition, we request that she state any knowledge she may have concerning the Rose Law Firm billing records bearing Bates Stamp numbers DKSN028928 through DKSN029043, including whether she has reviewed, handled, or discussed (other than with counsel) these records, and her knowledge relating to the disappearance or discovery of these records.

Finally, we request that she furnish any information she has concerning the removal of files from the Rose Law Firm by either Webster Hubbell or Vincent W. Foster, Jr., during 1992 and 1993.

Because of our time constraints, we request that any response be furnished no later than 10:00am on Monday, June 17, so that it may be included in the record.

To assist you in preparing these responses, we are enclosing herewith interview reports and other relevant documents referred to herein.

Sincerely,

Alfonse M. D'Amato
Chairman

Richard Shelby

Christopher S. Bond

Connie Mack

Lauch Faircloth

Robert F. Bennett

Rod Grams

Pete V. Domenici

Orrin G. Hatch

Frank H. Murkowski

cc: Paul S. Sarbanes
Ranking Member

City of Washington)
) ss:
District of Columbia)

AFFIDAVIT OF HILLARY RODHAM CLINTON

Hillary Rodham Clinton, being duly sworn, deposes and says:

(1) I am submitting this affidavit in response to the letter to my counsel, David E. Kendall, dated June 13, 1996, which was signed by the Republican members of the Special Committee.

(2) I believe that my Supplemental Interrogatory Responses to the Resolution Trust Corporation, which I submitted on January 20, 1996, and my transcribed interview by the Federal Deposit Insurance Corporation on February 14, 1996, contain information responsive to the Special Committee's questions. My counsel is submitting both of these documents to the Special Committee with this affidavit.

(3) I saw Madison Guaranty billing records in the 1985-1986 period when I was billing partner for the legal work which the Rose Law Firm performed for the savings and loan association. I recall discussing some of this legal work in 1992 with Mr. Vincent Foster and Mr. Webster Hubbell, as I sought to answer press questions about the Madison Guaranty representation during the Presidential Campaign. Prior to the recent release of FBI fingerprint information, I had stated that I might have been shown billing records in 1992. While I had and have no specific recollection, the particularized information (e.g., date, numbers, etc.) contained in a two-page

memorandum I drafted in 1992 (DKSN028346-028347), attempting to address certain questions raised at the time concerning certain securities work that the Rose Law Firm had done for Madison Guaranty, suggests to me that I probably had reviewed the billing records at that time. I do not know how the billing records (DKSN028928 through DKSN029043) came to be identified by Mrs. Huber at the White House on January 4, 1996, although I have read various media accounts. The records were produced to the Special Committee and other investigative agencies within twenty-four hours of this identification.

(4) I do not have any first-hand knowledge concerning any removal of Madison Guaranty files from the Rose Law Firm by either Mr. Foster or Mr. Hubbell during 1992 and 1993, although I have read various media accounts.

(5) I request that the transmittal letter of my counsel, dated June 17, 1996, addressing certain allegations recently made by Mr. Don Denton, be made part of the records of the Special Committee's proceedings, along with this affidavit.

Hillary Rodham Clinton
HILLARY RODHAM CLINTON

Subscribed and sworn to before me
this 19th day of June, 1996.

Notary Public

WRIGHT, LINDSEY & JENNINGS
ATTORNEYS AT LAW

200 WEST CAPITOL AVENUE
SUITE 2200
LITTLE ROCK, ARKANSAS 72201-3699

(501) 371-0808

FAX (501) 376-9442

OF COUNSEL
ALSTON JENNINGS
RONALD A. MAY

February 7, 1996

Viet D. Dinh
Associate Special Counsel
Committee on Banking
Washington, D.C. 20510-6075

BY FACSIMILE
202-228-0020

Dear Mr. Dinh:

I assume that in addition to receipt of my recorded message of this morning you have now received a fax message from me. In accordance with your request I am supplementing my previously faxed message by confirming my deposition testimony that this was the only meeting between Mr. Kendall and Mr. Ward that I am aware of. I am enclosing a copy of a message from my secretary in my behalf "AJ" to Mr. Tisdale "CWT", date January 5, and advising that I expected to meet with Mr. Kendall on January 11. I also enclose a copy of time record of Mr. Tisdale, dated January 11, 1996, concerning a meeting by Mr. Tisdale with Mr. Kendall and Mr. Ward.

I take issue with the statement in your letter that my message changes my deposition testimony in material respects. We were both aware during my testimony that I did not have a recollection of the exact date of the meeting. You have the benefit of having a copy of my deposition testimony, which I do not have. I think a fair reading of my testimony will demonstrate that I did not know the date but thought that it was before Christmas.

Yours very truly,

WRIGHT, LINDSEY & JENNINGS

Alston Jennings

AJ/ivs
cms1223.000

During my testimony by deposition on Tuesday, February 6, 1996, I was asked about a meeting between Seth Ward and David Kendall and was asked on what date the meeting took place. I replied that I could not fix a date but thought it was in 1995. I was asked if it was before Thanksgiving, and I believe I replied that I didn't think so. I was asked if it was before Christmas and I expressed the belief that it was.

Upon returning to my office, I checked records and discovered that the exact date of the meeting was January 11, 1996.

I respectfully request that this information be incorporated in my deposition.

Alston Jennings, Sr.

WHILE YOU WERE OUT

TO JRT

M AJ

OF

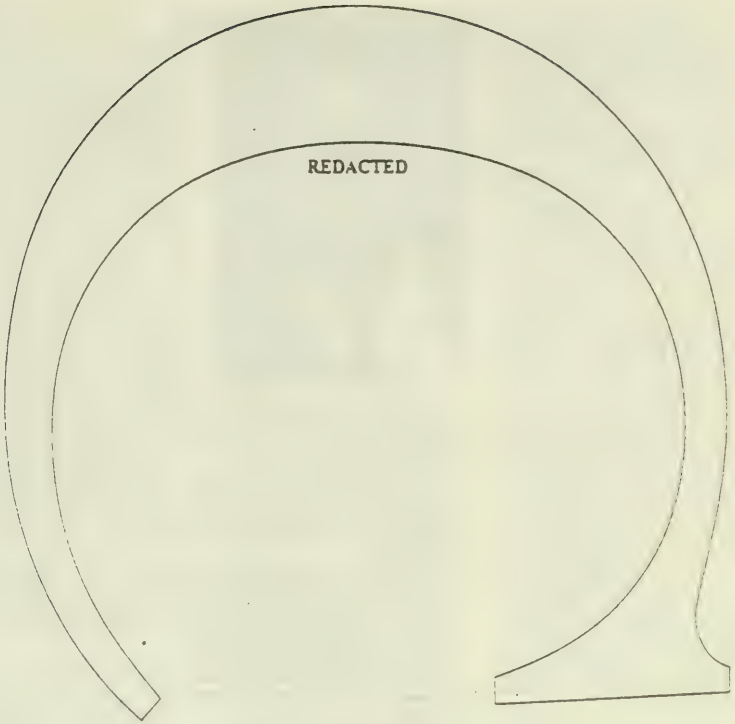
TELEPHONE # x225

[redacted]

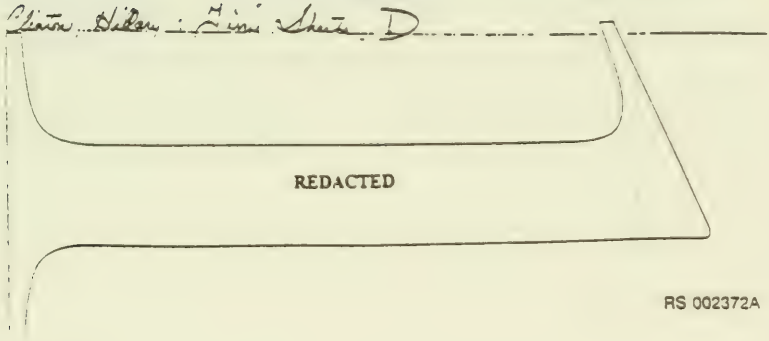
MESSAGE He has on calendar to meet w/ Mr Kimball on Jan 11th. If this is wrong, please advise.

DATE 1-5 TIME 9:10

SIGNED



-8768 Clinton Dakota Final Sheet D



ARKANSAS DEMOCRAT-GAZETTE
Thursday, September 11, 1997

Judge expects to be indicted in SBA loans

BY JONATHAN GROVES
Democrat-Gazette Business Writer

Pulaski County Municipal Judge David Hale says he expects to be indicted on federal charges this week.

And he said he blames part of his problems on bad loans made in the 1980s to groups that included the president of the United States and the governor of Arkansas.

Hale, a municipal judge since 1979, said he expects to be indicted for allegedly misrepresenting uses for loans made by Capital Management Services Inc., a small business investment company licensed to make Small Business Administration loans.

He provided no specifics about the expected indictment and said it is a separate matter

See HALE, Page 10A

Hale

• Continued from Page 1A

from loans his company made to groups involving President Clinton and Gov. Jim Guy Tucker. But there were misrepresentations in the use of those loans too, Hale contended.

"I just would like to be treated fairly," Hale said in interviews Tuesday. "If they're going to get into this thing, then they ought to look at all of it."

Hale said his misfortunes started after loans made during the mid-1980s at the behest of Clinton, Tucker and James McDougal, the mentor of Madison Guaranty Savings and Loan Association. Several corporate entities Hale made loans to then defaulted on their loans and left Capital Management in a poor capital position, Hale said.

The Resolution Trust Corp., the federal agency that manages and sells assets of failed savings and loans, later took over Madison.

During the mid-1980s, Clinton and McDougal — and, at a separate time, Tucker and McDougal — approached Hale's company for loans, according to Hale.

"I felt ... it was something I should do," Hale said, "because it was something that they needed and they wanted me to do, and I felt like I should do it."

Hale, who said he has known Tucker since the 1960s, said he thought it would hurt his political career if he did not help them.

Officials with the White House press office contacted



David Hale

Wednesday were not familiar with the deal and would not comment. Jim McDougal could not be reached for comment Wednesday.

Max Parker, spokesman for the governor, said the governor called Hale's allegations "bizarre."

"He has to wonder what motivates these kinds of allegations and who motivates them," Parker said Wednesday of Tucker.

Hale said he came forward because attempts to negotiate with the Little Rock U.S. attorney's office fell apart.

"It was the actions of the U.S. attorney and what we saw was coming down," Hale said. "There was no doubt in my mind that I was going to be set up as the fall person."

Hale first learned federal investigators were after him after the FBI raided his business with a search warrant July 21.

Hale said he offered to testify and supply documents as part of a plea bargain, but Deputy U.S. Attorney Fletcher Jackson wasn't interested.

Jackson "stated he had eight more years to retire, and he didn't want to do anything to jeopardize his retirement," Hale said.

Jackson has been with the U.S. attorney's office in Little Rock since 1971, according to news reports. He did not return phone calls for comment Wednesday.

Hale said Clinton and McDougal got Hale to agree to lend $300,000 in the mid-1980s from Capital Management to Master Marketing, a corporate entity controlled by McDougal's wife, Susan McDougal.

The money, earmarked for projects in Pulaski County, actually was used for Whitewater Development Co., of which Susan McDougal was a partner, Hale said. News reports have stated that Bill Clinton and Hillary Rodham Clinton also were partners in the now-defunct company.

The Clintons bought 200 acres of Ozark Mountain property with Jim McDougal in 1978, according to news reports, and founded Whitewater Development in 1979 to develop the area.

Documents obtained by the *Arkansas Democrat-Gazette* regarding the $300,000 loan to Susan McDougal make no mention of the Clintons.

Susan McDougal made no payments on her loan, Hale said.

Jim McDougal also played a

0007764

part in a loan involving Tucker Hale said.

According to Hale, in the fall of 1985 Tucker and McDougal approached Hale for help with Madison Guaranty's financial problems and also sought development money for their properties. Officers of the S&L expected a 1986 audit and needed to remove some properties from Madison's books, Hale said.

Parker countered that McDougal first approached Hale about Castle Sewer and Water Corp. as a development prospect and Tucker later talked to Hale. Castle Sewer and Water was a real estate development and utility company created by Tucker and sewer contractor A.D. Randolph.

Hale said he told Tucker and McDougal it would drain Capital Management's capital to make the loans that would provide the development money.

So Tucker and McDougal pored over Capital's properties, looking for ways of raising capital, Hale said. The two picked two pieces of property off U.S. 67-167 in northern Pulaski County that Hale owned and in which he had invested about $300,000, Hale said.

But Parker said Tucker never looked at Capital Management's books.

Through various transactions, the properties were sold to Dean Paul Ltd., a company controlled by Dean Paul, Hale said. One tract sold for about $100,000, while the other went for about $300,000, according to county records.

After the deal, an appraisal sent to Little Rock Traffic Judge Bill Watt placed the land's value at more than $750,000, Hale said. Watt served as trustee for one of the properties in the deal, according to county records.

But instead of a $400,000 loan, Madison Guaranty provided Paul with an $825,000 mortgage that was then paid to Hale for the two tracts, Hale said.

County records verified the $825,000 loan amount. Hale said he used about $200,000 to pay off the original debt on the two properties and put the rest into Capital Management's pool. The transactions closed in February 1986, according to county records.

Tucker has no recollection of the Dean Paul deal, according to Parker.

"As far as he knows, he didn't have any part in it," she added.

Tucker's name does not appear on the documents involving the sale to Dean Paul Ltd.

In March 1986 — within days of the close of the sale to Dean Paul — Tucker and partners in Castle Sewer and Water bought a sewer plant and land in southern Pulaski County from Madison Financial Corp., a subsidiary of Madison Guaranty, according to county records.

As part of that deal, Capital Management loaned $150,000 to Castle Sewer and Water as development money, Hale said. A copy of the canceled check dated Feb. 28, 1986, was endorsed for Castle Sewer with what appears to be Tucker's signature.

In 1987, Tucker returned, asking for more money to develop property near the Castle Sewer and Water site, Hale said. According to a 1987 agreement obtained by the *Democrat-Gazette*, Capital Management agreed to loan up to $150,000 to Southloop Construction Corp., a new corporate entity created by Tucker and Randolph, Tucker's partner in Castle Sewer and Water.

Through January 1988, Capital Management wrote three checks totaling $100,000, to Southloop, according to copies of canceled checks obtained by the *Democrat-Gazette*. Tucker apparently endorsed two of those checks for Southloop and deposited them in Castle's account.

Of the two loans to Tucker's corporations, Hale said, payments totaling about $1,000 were made.

Those delinquent loans, and the one to Susan McDougal, led to financial problems at Capital Management that led to the federal investigation, Hale said.

"What they intended to do would be to indict me and discredit me," Hale said, "and protect the others."

Watt said Wednesday he couldn't remember specifics of the Dean Paul deal but noted his law firm had performed legal services for Hale in the mid-1980s.

Watt acknowledged he had served as trustee — a neutral third party — in some of Hale's land transactions.

"I don't have the vaguest idea of what was transpiring at that time from the standpoint of details on David's deal," Watt said. "I can tell you that if I ordered out an appraisal, I ordered it out because all of the parties asked me to; and since I was holding the property as the trustee, I was the proper party to order the appraisal."

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS
FEB 17 1994
JAMES W. McCORMACK, CLERK
By: _____ DEP CLERK

UNITED STATES OF AMERICA)
)
v.) LR-CR-93-147
)
DAVID L. HALE,)
CHARLES MATTHEWS, and)
EUGENE FITZHUGH)

SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES:

COUNT ONE

Introduction

1. At all times relevant to this Indictment:

(a) The Small Business Administration ("SBA") was an agency of the United States Government with responsibility for providing financial assistance to small business investment companies ("SBICs") in order to aid SBICs in lending money to small business concerns. Under the rules governing the SBA, it can loan an SBIC as much as three dollars for every dollar of capital received by an SBIC ("paid-in-capital").

(b) Capital Management Services, Inc. ("CMS") was a privately owned SBIC located in Little Rock, Arkansas, which specialized in making loans to what were represented to be socially or economically disadvantaged small business concerns.

(c) Defendant DAVID L. HALE was an owner and the President of CMS.

(d) Defendant CHARLES MATTHEWS was an attorney working as a broker at Prudential-Bache Securities, Inc.

("Prudential-Bache").

(e) Defendant EUGENE FITZHUGH was an attorney practicing law in Little Rock, Arkansas.

The Conspiracy

2. From in or about September 1988, up to and including in or about March 1989, in the Eastern District of Arkansas and elsewhere, the defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, and others known and unknown, unlawfully, willfully and knowingly did combine, conspire, confederate, and agree together and with each other, to defraud the United States, and its agency, namely the SBA.

The Purpose of the Conspiracy

3. The purpose of the conspiracy was to obtain money and property from the SBA by means of false and fraudulent pretenses, representations and promises concerning the paid-in-capital of CMS and the status of certain loans on the books of CMS.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, would and did by deceit, craft, trickery and dishonest means, defraud the United States and its agency, the SBA, in that defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, knowing that the amount of paid-in-capital of CMS and status of loans on the books of CMS would influence the SBA to provide financial assistance to

CMS, would and did fraudulently and falsely inflate the amount of the paid-in-capital of CMS and misrepresent the true status of certain loans on the books of CMS.

5. It was a further part of the conspiracy that on or about November 3, 1988, defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, would and did cause $800,000 to be transferred from certain accounts at Prudential-Bache, $400,000 of which would eventually be transferred to a savings account of CMS.

6. It was a further part of the conspiracy that on or about November 4, 1988, defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, would and did cause CMS to receive the remaining $400,000 by way of cashier's checks purportedly in payment of certain delinquent loans previously extended by CMS.

7. It was a further part of the conspiracy that on or about November 4, 1988, the defendant DAVID L. HALE would and did falsely represent to the SBA that $400,000 had been invested into CMS, as evidenced by $400,000 reflected in the CMS account, and that on the basis of the new private paid-in-capital CMS would and did then apply for financing from the SBA in the amount of $900,000, and that in connection with said application defendant DAVID L. HALE would and did also make false representations concerning the payment status of certain loans to entities through which the remaining $400,000 was passed.

8. It was a further part of the conspiracy that in or

about November, 1988, defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, would and did cause CMS to transfer through several other separate entities the $800,000 back to the accounts at Prudential-Bache from which the money originally had been transferred.

9. It was a further part of the conspiracy that on or about November 17, 1988, defendants DAVID L. HALE, CHARLES MATTHEWS, and EUGENE FITZHUGH, with others known and unknown, would and did cause $300,000 to be transferred from a certain account at Prudential-Bache, of which $200,000 was transferred to or for the benefit of defendant CHARLES MATTHEWS, and $50,000 was transferred to the defendant EUGENE FITZHUGH.

10. It was a further part of the conspiracy that on or about March 1, 1989, defendants DAVID L. HALE and CHARLES MATTHEWS, with others known and unknown, would and did cause $275,000 to be transferred from certain accounts at Prudential-Bache, of which $265,000 was transferred through various entities to CMS to make it appear as though those entities were making payments on delinquent loans with CMS.

11. It was a further part of the conspiracy that on or about March 3, 1989, defendants DAVID L. HALE and CHARLES MATTHEWS, with others known and unknown, would and did cause CMS to transfer through a separate entity the $275,000, referred to in paragraph 10 above, back to the account at Prudential-Bache from which the money originally had been transferred.

12. It was a further part of the conspiracy that on or

about March 13, 1989, defendant DAVID L. HALE would and did make false representations to the SBA in connection with CMS's application to the SBA for financing, concerning the payment status of certain loans.

13. It was a further part of the conspiracy that CMS would and did receive $900,000 in funding from the SBA as a result of the actions described in paragraphs 4 through 12 above, which funding was granted to CMS on March 21, 1989.

Overt Acts

14. In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts, among others, were committed in the Eastern District of Arkansas and elsewhere:

a. In or about September, 1988, defendants DAVID L. HALE and CHARLES MATTHEWS had a meeting with a Prudential-Bache client of CHARLES MATTHEWS;

b. In or about October, 1988, defendant EUGENE FITZHUGH opened an account at Prudential-Bache;

c. On or about November 4, 1988, defendant DAVID L. HALE caused $400,000 to be transferred to CMS;

d. On or about November 8, 1988, defendant EUGENE FITZHUGH had discussions with an individual employed by McIntire Numismatic Auctions, Inc.;

e. On or about March 3, 1989, defendant DAVID L. HALE signed a check made payable to Liberty Mortgage, Inc. in the amount of $275,000;

f. On or about March 3, 1989, defendants DAVID

L. HALE and CHARLES MATTHEWS had a meeting with an individual employed by Liberty Mortgage, Inc.; and

g. On or about March 13, 1989, defendant DAVID L. HALE signed a letter addressed to the SBA.

(Title 18, United States Code, Section 371.)

COUNT TWO

15. On or about November 4, 1988, in the Eastern District of Arkansas, defendant DAVID L. HALE, unlawfully, knowingly and willfully did make a statement knowing it to be false, for the purpose of influencing the actions of the SBA, and for the purpose of obtaining money and property from the SBA, to wit, he represented that the source of new capital invested in CMS was from his wife's sale of real estate, wherein he knew that the source of funds was in fact certain accounts at Prudential-Bache to which such funds had to be returned.

(Title 15, United States Code, Section 645(a).)

COUNT THREE

16. On or about March 13, 1989, in the Eastern District of Arkansas, defendant DAVID L. HALE, unlawfully, knowingly and willfully did make a statement knowing it to be false, for the purpose of influencing the actions of the SBA, and for the purpose of obtaining money and property from the SBA, to wit, he stated in a letter to the SBA that Mabe Communications, Inc. and Sunbelt Group, Inc. have each paid their loans in full to CMS since September 30, 1988, when in fact they had not.

(Title 15, United States Code, Section 645(a).)

COUNT FOUR

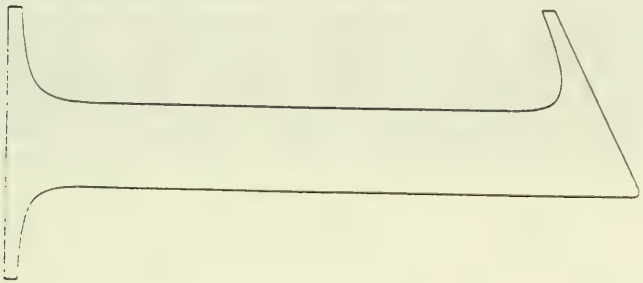
17. On or about March 3, 1989, in the Eastern District of Arkansas, defendant DAVID L. HALE, in a matter within the jurisdiction of an agency of the United States, unlawfully, willfully and knowingly did falsify, conceal and cover up by trick, scheme and device a material fact, and did make a false, fictitious and fraudulent statement and representation, to wit, he sent the SBA a Form 1031 in which he stated that CMS had provided Liberty Mortgage, Inc. with $275,000 in financing for working capital.

(Title 18, United States Code, Section 1001.)

A TRUE BILL.

ROBERT B. FISKE, JR.
INDEPENDENT COUNSEL

James E. Burnett, Jr.
FOREMAN



1ST STORY of Level 1 printed in FULL format.

Copyright 1992 The New York Times Company
The New York Times

March 8, 1992, Sunday, Late Edition - Final

SECTION: Section 1; Part 1; Page 1; Column 4; National Desk

LENGTH: 1785 words

HEADLINE: THE 1992 CAMPAIGN: Personal Finances;
Clintons Joined S.& L. Operator In an Ozark Real-Estate Venture

BYLINE: By JEFF GERTH, Special to The New York Times

DATELINE: WASHINGTON, March 7

BODY:

Bill Clinton and his wife were business partners with the owner of a failing savings and loan association that was subject to state regulation early in his tenure as Governor of Arkansas, records show.

The partnership, a real estate joint venture that was developing land in the Ozarks, involved the Clintons and James B. McDougal, a former Clinton aide turned developer. It started in 1978, and at times money from Mr. McDougal's savings and loan was used to subsidize it. The corporation continues to this day, but does not appear to be active.

Mr. McDougal gave a detailed account of his relationship in several interviews in the last two weeks. This account, along with an examination of related local, state and Federal records and interviews with dozens of others in Arkansas, found the following:

*Available records covering the most active period of the real estate corporation, called Whitewater Development, appear to show that Mr. McDougal heavily subsidized it, insuring that the Clintons were under little financial risk in what turned out to be an unsuccessful enterprise. The corporation bought 200 acres of Ozark Mountain vacation property and planned to sell it in lots. During this period, the Clintons appear to have invested little money, so stood to lose little if the venture failed, but might have cashed in on their 50 percent interest if it had done well.

*The Clintons and Mr. McDougal disagree about what happened to Whitewater's records. Mr. McDougal says that at Mr. Clinton's request they were delivered to the Governor's mansion. The Clintons say many of them have disappeared. Many questions about the enterprise cannot be fully answered without the records.

*After Federal regulators found that Mr. McDougal's savings institution, Madison Guaranty, was insolvent, meaning it faced possible closure by the state, Mr. Clinton appointed a new state securities commissioner, who had been a lawyer in a firm that represented the savings and loan. Mr. Clinton and the commissioner deny giving any preferential treatment. The new commissioner approved two novel proposals to help the savings and loan that were offered by Hillary Clinton, Governor Clinton's wife and a lawyer. She and her firm had been retained to represent the association.

*The Clintons improperly deducted at least $5,000 on their personal tax returns in 1984 and 1985 for interest paid on a portion of at least $30,000 in bank loan payments that Whitewater made for them. The deductions saved them about $1,000 in taxes, but since the error was more than three years ago, Internal Revenue Service regulations do not require the Clintons to pay.

The complicated relationship between Mr. McDougal and the Clintons came to light in an investigation by The New York Times of the Clintons' tax records and business relationships. It raises questions of whether a governor should be involved in a business deal with the owner of a business regulated by the state and whether, having done so, the governor's wife through her law firm should be receiving legal fees for work done for the business.

Confusion Is Cited

Asked about these matters, the Clintons retained two lawyers to answer questions. The lawyers said the improper tax deductions were honest errors, made because there was confusion over who really owned a certain piece of Whitewater property and who was responsible for the loan taken out to buy it, Whitewater or the Clintons.

The deed for the land and the loan papers are all in the Clintons' names.

The lawyers said they were not in a position to answer questions about where the money that went into Whitewater came from. But generally, they said they thought neither the Clintons nor Mr. McDougal had profited from the venture. They also said the Clintons were once liable for about $100,000 in bank loans that financed Whitewater's original purchase of land. But the lawyers have only been able to find original documents showing $5,000 that the Clintons paid.

Some questions about the relationship and the Clintons' role in it may be difficult to resolve because of differing accounts and the missing records.

The two lawyers representing the Clintons are Susan P. Thomases, a longtime friend, and Loretta Lynch, a campaign aide, who participated in several hours of interviews at Ms. Thomases' Manhattan offices Thursday and Friday.

Payments on Debt

The records that are available, and Mrs. Thomases' account, show that Whitewater made payments between 1982 and 1985 on Mrs. Clinton's $30,000 real estate debt, reducing the debt by about $16,000 while also paying at least $14,000 in interest. At least one of those checks was signed by Mr. McDougal.

Mrs. Clinton originally borrowed the $30,000 from a bank also controlled by Mr. McDougal, Bank of Kingston, but "Hillary took the loan on behalf of the corporation," Ms. Thomases said. That, she explained, is why Whitewater made the payments.

The Clintons' 1984 and 1985 tax returns show that they took deductions for interest payments of $2,811 and $2,322 that Whitewater had made.

"It clearly is an error," Ms. Thomases said. She noted that the tax returns for those years were prepared by accountants in Arkansas.

The Clintons' gross income in 1984, as reported on their tax returns, was about $111,000 and they paid $22,280 in Federal taxes. In 1985, their reported income was about $102,000, and they paid $18,791 in Federal taxes.

Longtime Friendship

Mr. Clinton and Mr. McDougal had been friends since the 1960's. When Mr. Clinton became the nation's youngest Governor at 32 years old, he took Mr. McDougal into his administration as an aide for economic development. It was at about this time that the men formed Whitewater.

A few years later Mr. McDougal, having left government in 1979, bought control of a small savings and loan association, Madison Guaranty, and built it into one of the largest state-chartered associations in Arkansas.

But over time, the savings and loan got in trouble, like many others around the country. Finally Federal regulators took the savings and loan away from Mr. McDougal, and a Federal grand jury charged him with fraud, though he was acquitted. The Clintons were not involved in those proceedings.

Mr. McDougal began having personal problems, too. He was found to be suffering from manic-depressive illness, though he was judged competent to stand trial. In the interviews, Mr. McDougal appeared stable, careful and calm.

A year after the Clintons and McDougals bought the Ozark Mountain property and founded Whitewater Development in 1979, the corporation bought a modular house for about $22,000 and placed it on one of its lots. That lot was then conveyed to Mrs. Clinton, and the deed indicates that she paid nothing for it. Ms. Thomases says this was an error by Whitewater. The deed, she said, should have shown the price and said that Mrs. Clinton paid.

But the house was carried on the books as a Whitewater corporate asset and used as a model house to attract other buyers, according to Whitewater records produced by Ms. Thomases. Because the records are incomplete, it is unclear exactly what happened. But about the same time, Mrs. Clinton personally borrowed $30,000 from Mr. McDougal's bank to pay for the house and the lot.

Ms. Thomases said Mrs. Clinton and the corporation regarded this as a corporate debt, though it was in Mrs. Clinton's name. The corporation included no one but the Clintons and the McDougals. It was this debt that Whitewater made payments on until the end of 1985.

One year after acquiring the property, Mrs. Clinton sold it for $27,500, with payments to be made over time, records show. It is not clear who received the buyer's down payment of $3,000. But Ms. Thomases said it was the corporation that took the loss on its books. A few years later, the buyer went bankrupt and stopped making payments, and then he died.

In 1988 Mrs. Clinton bought back the house from the estate of the buyer. Records show that she paid $8,000 and then resold the property a short time later for about $23,000, after closing costs. The Clintons reported a capital gain that year of $1,640.

Ms. Thomases explained that the capital gain was small because, as part of that transaction, Mrs. Clinton had to pay off Whitewater's remaining $13,000

debt on the property, originally incurred by Mrs. Clinton. The payments the previous owner had been making to Whitewater before he went bankrupt had been used to help pay off that debt.

Account Overdrawn

It was during the period when Whitewater was making the Clintons' loan payments that Madison Guaranty was putting money into Whitewater.

For example, Whitewater's check ledger shows that Whitewater's account at Madison was overdrawn in 1984, when the corporation was making payments on the Clintons' loan. Money was deposited to make up the shortage from Madison Marketing, an affiliate of the savings and loan that derived its revenues from the institution, records also show.

It was also in 1984 that Madison started getting into trouble. Federal examiners studied its books that year, found that it was violating Arkansas regulations and determined that correcting the books to adjust improperly inflated profits would "result in an insolvent position," records of the 1984 examination show.

Arkansas regulators received the Federal report later that year, and under state law the securities commissioner was supposed to close any insolvent institution.

As the Governor is free to do at any time, Mr. Clinton appointed a new securities commissioner in January 1985. He chose Beverly Bassett Schaffer, a lawyer in one of the firms that had been representing Madison.

Fund-Raising Ideas

Ms. Thomases, after talking to Mr. Clinton this week, said the Governor chose her because they were friends, and because he wanted to appoint a well qualified woman to an important post.

In interviews, Mrs. Schaffer, now a Fayetteville lawyer, said she did not remember the Federal examination of Madison but added that in her view, the findings were not "definitive proof of insolvency."

In 1985, Mrs. Clinton and her Little Rock law firm, the Rose firm, twice applied to the Securities Commission on behalf of Madison, asking that the savings and loan be allowed to try two novel plans to raise money.

Mrs. Schaffer wrote to Mrs. Clinton and another lawyer at the firm approving the ideas. "I never gave anybody special treatment," she said.

Madison was not able to raise additional capital. And by 1986 Federal regulators, who insured Madison's deposits, took control of the institution and ousted Mr. McDougal. Mrs. Schaffer supported the action.

LANGUAGE: ENGLISH

LOAD-DATE: March 8, 1992

RTC
Resolution Trust Corporation

730 - Kansas City Consolidated Office

CRIMINAL REFERRAL FORM

CRIMINAL REFERRAL # C0004

1. NAME AND LOCATION OF FINANCIAL INSTITUTION

Name/#:	MADISON GUARANTY SAVINGS & LOAN
Location: (Street/City/State/Zip)	16TH AND MAIN, P.O. BOX 1583 LITTLE ROCK, ARKANSAS 72206

CERTIFICATE NUMBER:

If activity occurred at branch office(s), please identify:

2. ASSET SIZE OF FINANCIAL INSTITUTION: $118,855,000

3. APPROXIMATE DATE AND DOLLAR AMOUNT (PRIOR TO ANY ALLOWANCE FOR RESTITUTION OR RECOVERY) OF SUSPECTED VIOLATION:

Date: (Month/Day/Year)Time frame between 12/84 and 5/85
Amount: Estimated at $350,000 to $1,000,000

4. SUMMARY CHARACTERIZATION OF THE SUSPECTED VIOLATION. Check appropriate box(es)

	Defalcation/Embezzlement		Bribery/Gratuity	X	Check Fraud		Other Bank Fraud
	False Statement	X	Misuse of Position or Self Dealing		Credit Card Fraud		Forgery
X	Check Kiting		Mysterious Disappearance		Money Laundering		Conspiracy

Applicable Section(s) of the U.S. Code:

	18 USC 2	Aiding & Abetting		18 USC 1030	Computer Fraud
	18 USC 152	Concealment of Assets		18 USC 1341	Mail Fraud
	18 USC 215	Bribery/Gratuity		18 USC 1343	Wire Fraud
X	18 USC 371	Conspiracy	X	18 USC 1344	Bank Fraud
X	18 USC 657	Defalcation/Embezzlement/Misuse of Position		18 USC 1621	Perjury
	18 USC 1001	False Statement to Federal Agency		18 USC 1951	Racketeering
	18 USC 1006	False Entry		18 USC 1956/1957	Money Laundering
	18 USC 1007	False Statement/Document		18 USC 2113	Entering Financial Inst. w/Intent to Commit Felony
	18 USC 1014	False Statement to Financial Institution		18 USC 2314	Transportation of Stolen Goods, Securities, Money
	18 USC 1029	Credit Card Fraud			

5. THIS MATTER IS BEING REFERRED TO:

FBI, Little Rock, Arkansas
U.S. Attorney, Eastern District, Little Rock, Arkansas

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs [a] through [e] on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) McDougal, James B.

ADDRESS: (Street/City/State/Zip) Current Address Unknown

DATE OF BIRTH: (Month/Day/Year) Unknown

SOCIAL SECURITY NO: Unknown

b. Relationship to the financial institution: (Check all applicable blocks)

X	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Account Holder	X	Owner/COB

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __X__. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

McDougal resigned from the Board of Directors in December 1985; however he remained active in the Association's day to day business. He was removed from the Association when it was placed in Conservatorship by the RTC in 2/89.

d. Prior or related referrals:
__X__ Yes _____ No

If Yes, please identify.

McDougal was indicated, tried and acquitted in 1989 on charges stemming from his activities at Madison Guaranty Savings & Loan.

e. Is person affiliated with any other financial institution;
__X__ Yes _____ No

or business enterprise:
__X__ Yes _____ No

If yes to either or both, please identify.

McDougal was a shareholder and Board Member of the Bank of Kingston, which was at one point to be merged with Madison Guaranty; thrift records indicate that the merger was called off due to legal ramifications.

McDougal is a principal in the following business enterprises:

Madison Marketing
McDougal & Associates
Flowerwood Farms, Inc.
Pembrook Manor, Inc.
Great Southern Land Co.
Designers Construction
Madison Financial Corporation
Whitewater Development Corp., Inc.
Rolling Manor, Inc.
Tucker-Smith-McDougal

HOUSE

000282

PLS0017S

Smith-Tucker-McDougal Smith-McDougal

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs (a) through (e) on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) McDougal, Susan M.

ADDRESS: (Street/City/State/Zip) Unknown

DATE OF BIRTH: (Month/Day/Year) Unknown

SOCIAL SECURITY NO: Unknown

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Account Holder		Other, specify

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __X__. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

Susan McDougal resigned from the Board of Directors in December 1985, remained active in the day to day activities of the association's subsidia. operations.

d. Prior or related referrals:
_____ Yes __X__ No

If Yes, please identify.

e. Is person affiliated with any other financial institution:
_____ Yes _____ No Unknown at this time

or business enterprise:
__X__ Yes _____ No

If yes to either or both, please identify.

Susan McDougal is a principal in the following business enterprises:

Madison Marketing Designers Construction
McDougal & Associates Madison Financial Corporation
Flowerwood Farms, Inc. Whitewater Development Corp., Inc.
Pembrook Manor, Inc. Rolling Manor, Inc.
Great Southern Land Co. Tucker-Smith-McDougal
Smith-Tucker-McDougal Smith-McDougal

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs (a) through (e) on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) Anspaugh, Lisa

ADDRESS: (Street/City/State/Zip) Unknown

DATE OF BIRTH: (Month/Day/Year) Unknown

SOCIAL SECURITY NO: Unknown

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker		Shareholder		Appraiser
	Director		Agent	X	Borrower	X	Account Holder	X	McDougal associate

c. Is person still affiliated with the financial institution:
_____ Yes ___X___ No

If No, terminated ____, resigned ____. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

d. Prior or related referrals:
_____ Yes ___X___ No

If Yes, please identify.

e. Is person affiliated with any other financial institution:
_____ Yes _____ No Unknown at this time

or business enterprise:
___X___ Yes _____ No

If yes to either or both, please identify.

Anspaugh was allegedly a partner with Susan McDougal in several companies, and assisted McDougal with her "bookkeeping" for the McDougal's various companies including:

Madison Marketing	Designers Construction
McDougal & Associates	Madison Financial Corporation
Flowerwood Farms, Inc.	Whitewater Development Corp., Inc.
Pembrook Manor, Inc.	Rolling Manor, Inc.
Great Southern Land Co.	Tucker-Smith-McDougal
Smith-Tucker-McDougal	Smith-McDougal

7a. EXPLANATION/DESCRIPTION OF SUSPECTED VIOLATION. Provide a brief narrative description of the activity giving rise to the referral, explaining what is unusual or irregular about the transaction. Details will be provided later in the form. The purpose of this paragraph is to provide a summary description of the overall transaction. (List applicable account numbers.)

Between February 1984 and July 1987, James B. McDougal, Susan H. McDougal, Lisa Anspaugh, Jim Guy Tucker, Stephen A. Smith, Bill Clinton, Hillary Rodham Clinton, and other individuals who are as yet unidentified, were principals in at least one, and possibly more, of the following companies and/or business interests, each of which maintained a checking account at Madison Guaranty Savings & Loan ("MGSL"):

Madison Marketing	Designers Construction
McDougal & Associates	Madison Financial Corporation
Flowerwood Farms, Inc.	Whitewater Development Corp., Inc.
Pembrook Manor, Inc.	Rolling Manor, Inc.
Great Southern Land Co.	Tucker-Smith-McDougal
Smith-Tucker-McDougal	Smith-McDougal

MGSL checking account histories from September 1984 through May 1985 were reviewed and analyzed for each of these entities (hereafter referred to as the "the combined companies"). The patterns that evolved from this review go back to February 1984, possibly earlier, and occur as late as July 1987.

During this time frame, some or all of the principals of the aforementioned companies allegedly allowed, or participated in, numerous questionable cash flow and "loan" transactions between the combined companies, and other financial institutions. The transactions reviewed and discussed herein will allege excessive overdrafts resulting in unauthorized loans, check kiting, possible forgery (or at the very least, extensive use of unauthorized signatures), potential misappropriation of funds, possible illicit campaign contributions, diversion of loan proceeds, and potential bank fraud; each of these actions, compounded by the extended time frame during which they occurred, . causation to the probability that some or all of the McDougal's business associates a. partners, the collective principals of these combined companies, had knowledge of these activities. The extensive nature of these activities could allegedly constitute ongoing criminal and regulatory violations which lasted for a period of three or more years, and could have ultimately contributed to the failure of the Association.

Although some of these companies, such as Madison Marketing, Madison Financial Corporation, and Flowerwood Farms appeared to be viable and active entities, the others appeared to be little more than shell companies with limited assets, whose checking accounts went through sporadic flurries of activity, "money in/money out", then reverted back to minimal balances with very limited activity. The account histories indicate that the collective checking accounts for these entities incurred very limited, if any, monthly service charges, despite their below minimum balances, and limited overdraft charges regardless of the excessive number of overdrafts in several of the accounts.

An analysis of the aggregate checking accounts for these entities between December 1984 and May 1985 reflects a minimum of 95 check transactions occurring by and between the combined companies and/or outside financial institutions, totalling $1,019,122. There were a minimum of 45 deposit transactions by and between the combined companies, affiliated persons and/or financial institutions which totalled $1,079,142. The resulting minimum number of "money in/money out" transactions for these combined, predominantly shell, companies was $2,098,264 over a six month period of time. To produce all checks from each account, even for a six month period of time, would have been cost prohibitive as well as labor intensive; therefore, only randomly selected checks and deposits were produced from film for the 12/84 - 5/85 target time frame.

The combined companies "lent" one another in excess of $190,000 during the time frame of December 1984 through May 1985. There were 31 checks written, designated as "loans" by and between the entities, that totalled $192,886; however, there is no indication of any form of repayment between the entities. This premise lends support to the suspicion that the McDougal's were utilizing these shell companies as a personal "cash cow" from which to generate funds for their own use, and to the further benefit of some

or all of their business partners, including loan payments to outside financial institutions on behalf of the various partnerships. The McDougals' allegedly further used these shell companies to filter funds from MGSL through Madison Financial Corporation and it's subsidiaries for their own benefit.

From December 1984 through May 1985, the personal checking account of James and Susan McDougal (account # 424) was frequently overdrawn, with overdraft amounts of up to $30,000, lasting for two and three weeks at a time. During this time frame, the combined companies wrote at least 10 checks to James or Susan McDougal, totalling $53,170, calling the funds "loans". The minimum number of collective deposits from various sources shown going into the McDougal's account during the same time frame is in excess of $690,000, with checks going out of the account totalling over $622,000.

Examples of James McDougal's misuse of position are clearly indicated in the number of checks which force paid through the McDougal's joint checking account in the target time frame. The significant amounts, frequency and time span of the overdrafts are being alleged as unauthorized loans for the purposes of this referral. Substantiation of these activities is outlined in the following examples:

- On 1/28/85, check # 577 for $13,181.07 was written from the McDougal's account to Worthen Bank for a loan payment. The signature on the check reads "James B. McDougal", but bears no resemblance to his actual signature. The day the check was written, there were insufficient funds in the account, at which juncture a $14,000 "personal loan" was written from Flowerwood Farms (check # 179) to Jim McDougal. (Susan McDougal's signature on the Flowerwood Farms check had also been forged). Despite the $14,000 loan, the check to Worthen Bank was force paid, overdrawing the McDougal's account by $<4,116.97>, where the balance remained until a deposit of $5,127.04 arrived from an unknown source.

- On 2/7/85, Susan McDougal sent check # 589 for $3,154.28 to the IRS; the day the check was written the account was overdrawn by $<3,282.00>, and when the check was force paid, the balance dipped to $<8,777.06>. The initial overdraft $<3,282.00> was caused by the force payment of the previously mentioned check . Worthen Bank.

- On 4/4/85, Susan McDougal wrote check # 688 for $3,000 to the Bill Clinton Campaign Fund; the check was force paid on 5/3/85 when the account was already overdrawn $<7,897.73>, increasing the negative balance to $<10,897.73>. The same day, Flowerwood Farms wrote a $3,000 check to Madison Guaranty, which was apparently cashed; given the identical dollar amounts, the probability exists that these funds were also contributed to Clinton's campaign, which, if active solicitations for contributions were occurring, could have provided the impetus for his business associates to write checks totalling $6,000 to his campaign fund, one of which put the McDougal's own account in a $<10,000> negative balance.

- On 4/19/85, check # 699 for $55,000 was written on the McDougal's account to Flowerwood Farms; this was done to cover Flowerwood's existing overdraft of $<50,994.18> which occurred when an $86,612.68 check to Madison Guaranty was force paid. The $86,612.68 check (#196) was a loan payment on McDougal related loan #1591. The date that the check for $55,000 was written, the McDougal's account balance was $19,429, and was subsequently overdrawn by $<28,077.82> when the check was force paid, documenting just one of many instances of check "kiting." The overdraft status on the McDougal's account was remedied by a $29,209.30 check from Execucar, Inc. (allegedly the "car leasing department" of Madison Financial Corporation), which was noted as a "refund on black 280 SL" Mercedes which had been purchased by the McDougal's on 4/18/85. A similar "refund" situation occurred with a $37,149.30 Madison counter check, written to Jim McDougal for an "85 380 SL Mercedes", signed by Henry (or Harry) signature almost illegible) Hamilton. Jim McDougal had previously written check # 691 for $37,149.30 to Execucar Inc.on 4/9/85. In one instance, the funds were rebated to the McDougal's when their account balance was in an excessive state of overdraft.

- On 5/24/85, check # 760 for $83,233.29 was issued from the McDougal's account to Union National Bank, allegedly for a loan payment. The date the check was written, the McDougal's account contained a balance of $963.19; Jim McDougal procured loan #2764 for $85,000 from MGSL, depositing the funds into their joint account to cover the check to Union National Bank. However, despite the deposited loan proceeds, the $83,233.29 check was force paid, putting the McDougal's account balance at $<4,096.03>

It should also be pointed out that the McDougal's clearly diverted funds from their MGSL home purchase and improvement loan of $351,502, funded in 2/85, for other purposes. Over $100,000 was diverted for the purpose of bringing principal and interest payments current on five separate MGSL loans, as evidenced by McDougal check # 611 for $95,562.62, and check # 612 for $5,659.17. It should be further noted that check #616 for $4,500 was written from the loan proceeds to Lorene McDougal, a relative, for undisclosed purposes.

In addition to McDougal's blatant misuse of position in allowing his personal account to exist in such an overdrawn state, he allowed the same circumstances to occur with the combined shell companies as well. Between 12/84 and 5/85, there were 16 overdraft situations within the accounts of the combined companies. The majority of these overdrafts were cured by deposits from one company to another, sometimes by "kiting" funds between accounts in which insufficient balances existed. This allegedly happened on at least two occasions with Whitewater Development, who evidently had another account (possibly at Bank of Kingston, now Madison Bank & Trust), into which funds were deposited from the MGSL Whitewater account, leaving it in an overdraft status.

During the target time frame, Whitewater Development wrote a minimum of 10 checks, totalling $70,639.41. Of these 10 checks, five checks totalling $60,625 were written on insufficient funds. The ensuing overdrafts were covered by funds from the other combined companies, some of which were provided by bank loans. Some of the Whitewater checks with more significant dollar amounts, such as check # 118 for $7,500, and # 128 for $5,071.23, were payable to The Bank of Cherry Valley for principal and interest o two separate loans, and were written on insufficient funds. Check # 118 was force paid overdrawing Whitewater's account by $<7,492.04>, where the balance remained until chec # 152 from Tucker-Smith-McDougal for $7,500 was deposited into Whitewater's account. The circumstances surrounding Whitewater check # 128 were similar, only the deposit came from the combined accounts of Rolling Manor, Tucker-Smith-McDougal, Flowerwood Farms and Pembrook Manor. Maurice Smith, principal and/or loan officer of the Bank of Cherry Valley, is allegedly a long time associate of Jim McDougal. Smith was also a frequent caller to Jim McDougal, according to the MGSL phone message logs.

Each instance in which Whitewater's actions resulted in an overdraft, no service charge or fees were assessed, with the exception of two in 1985, both of which were refunded. The two largest checks written by Whitewater during this time frame, check #137 for $25,000, payable to Ozarks Realty Co., and check # 138 for $30,000, payable to James McDougal (alleged "loan repayment" - although the records show no indication of any loan from McDougal to Whitewater) were both forced paid as there were insufficient funds in the account to cover either check. When the $25,000 check paid, placing the balance at $<24,470.90>, the overdraft was covered by a check from Flowerwood Farms for $24,455.90 (the amount of the overdraft, less the $15 service charge which was later refunded). The Flowerwood funds came from the proceeds of a $135,000 cashiers check drawn on Stephens Security Bank, Stephens, Arkansas. The $30,000 check written from Whitewater to James McDougal was written when Whitewater had a balance of $270.13. When the check was force paid, the balance went to $<29,744.87>, where it remained for two weeks until a $30,000 check from Madison Financial Corporation (subsidiary of MGSL) was deposited into Whitewater's account. There was no explanation given as to why Madison Financial would have given (or even "loaned") Whitewater Development $30,000.

At this juncture, it should be noted that shortly after the target time frame, in October 1985, the MGSL Board of Directors minutes reflect that Madison Financial Corporation was overdrawn by $2.7 million; the Board subsequently voted to call the overdraft "an investment in the service corporation", as up to 6% of the Associations assets could be invested in service corporations, from a regulatory viewpoint. It should be further noted that the $30,000 check James McDougal received from Whitewater was endorsed to Earth Movers, Inc., (whose principal is former Senator J. W. Fulbright

who subsequently endorsed it to Madison Guaranty for the purpose of obtaining a cashier's check (drawn from MGSL account #7001312, transaction #7801). The cashier's check is currently unavailable, so the final destination of the funds is yet undetermined.

In addition, it should be pointed out that the records of the former MGSL Chief Financial Officer, Greg Young, reflect a $30,000 "reserve" payment anticipated from Whitewater Development in 10/85 for an "engineering survey"; this information appears on a flow chart relating to Maple Creek Farms, a land investment/subdivision development of Madison Financial Corporation, and a second tier subsidiary of Madison Guaranty Savings & Loan. In addition, every month during the target time frame, Susan McDougal deposited a check for $285.13 from Logan Charter Service into the Whitewater account; these funds were diverted from the Bank of Kingston to whom they were all payable, and endorsed by Susan McDougal to Whitewater's MGSL checking account in an apparent effort to keep a minimal balance in the account.

Forgery is also alleged to be a possible factor in several of the checks written on the Whitewater account. According to the MGSL signature card for Whitewater Development Corporation, Inc., the only signatory on the account is Susan McDougal; however, the signature on the card allegedly bears little resemblance to Susan McDougal's actual signature. It is interesting to note that the $25,000 check written on the Whitewater account to Ozarks Realty Co., has "James B. McDougal" signed to it even though he is not a signatory on the account. The signature on the check was allegedly signed by someone else, whose handwriting bears a striking resemblance to that of Lisa Anspaugh, a McDougal business associate in a number of other enterprises. In fact, Ms. Anspaugh allegedly forged or signed both James and Susan McDougal's signature to checks drawn on all of the combined companies accounts on numerous occasions during the time frame in question. Although at least one of the checks written by Whitewater to the Bank of Cherry Valley was actually signed by Jim McDougal, most of them were signed "James B. McDougal", allegedly by Susan McDougal or Lisa Anspaugh. If these were not actual instances of forgery, per se, then there were certainly numerous cases of unauthorized signatures on the accounts. That being the case, the McDougal's apparently set few parameters for "signature authority" on their personal and corporate accounts, with multiple checks showing no less than three different signatures for "James B McDougal" and no less than four different signatures for "Susan M McDougal".

An overview of the Whitewater account history supports possible criminal action on the part of Susan McDougal, Lisa Anspaugh, and at least one other individual, for alleged forgery, or unauthorized signatures in the name of James B. McDougal (and in the case of Lisa Anspaugh, the name of Susan McDougal) on numerous checks. In addition, the fact that James McDougal was not a signatory on the account, but signed checks regardless of that fact, shows his reckless disregard for regulatory requirements and banking laws. McDougal's documented willingness to allow the frequent overdraft status on the Whitewater account, ensuring that loans payments were made and corporate obligations met, served his own benefit as well as that of some or all of his business partners. Although circumstances point to the probability that some or all of his business partners were aware of the activity taking place within the Whitewater partnership and corporate checking accounts, there is insufficient evidence at this time to prove that they had knowledge. Consequently, these individuals will appear on the list of witnesses contained at the end of this referral.

Similar instances were allowed to occur with the account of Tucker-Smith-McDougal, whose principals were James McDougal, Jim Guy Tucker and Stephen A. Smith. The following examples are noted:

- On 1/22/85, check #161 for $3,894.66 was written to First Commercial Bank for "interest" on a commercial loan. James McDougal's signature was allegedly signed or forged by Susan McDougal, who was technically the only signatory on the MGSL signature card. The date the check was written, the account did not contain sufficient funds, and subsequently went into an overdraft status of $<2,953.00> when the check force paid. The overdraft was cleared with a check from Flowerwood Farms (#176) for $3,500 on 1/28/85.

- On 3/13/85, check #166 for $4,000 was written to Citizen's Bank for "release deed Madison County". James McDougal's signature was yet again allegedly signed by his wife, Susan. The date the check was written, the Tucker-Smith-McDougal account did not contain sufficient funds, and the account went into overdraft status of $<3,027.69> when the check was force paid on 3/19/85. The account maintained an overdraft status until 4/9/85, when a deposit of $9,189.69 was received from Flowerwood Farms (check # 193). The funds from Flowerwood Farms were exactly enough to cover the existing overdraft, plus cover Tucker-Smith-McDougal check # 169 for $5,664.73 which had been written to Citizen's Bank of Marshall, Arkansas, on 4/1/85 before there were sufficient funds available to honor the check.

- On 3/11/85, First Mortgage, Inc. wrote check # 5923 for $1,150 to Madison Guaranty Savings and Loan. This check was allegedly endorsed by Susan McDougal for Madison Guaranty, and deposited to the account of Tucker-Smith-McDougal the day before a $2,500 check written to Whitewater cleared the account, leaving a balance of $72.31.

Similar instances involving the Flowerwood Farms account have been previously evidenced through the examples used in conjunction with the McDougal's personal checking account. Additional specific information on activity in each of the combined accounts will be forthcoming in the chronology of events which follows.

The extent of the foregoing activities will substantiate this referral's allegations of check kiting between the related entities ("the combined companies"), as well as transactions between McDougal's personal account and the combined companies. This referral will further allege that, due to the extended period of time over which these transactions occurred, these actions were probably known to some or all of the principals of the combined companies. Each of these principals appear on the witness list, as there is insufficient evidence at this time, as previously stated, to prove that they had knowledge of these activities. This range of events further serves to support the allegations of forgery, misuse of position, diversion of funds, and probable bank fraud as well as conspiracy to defraud the institution on the part of James McDougal, Susan McDougal and Lisa Anspaugh.

7b. GIVE A CHRONOLOGICAL AND COMPLETE ACCOUNT OF THE SUSPECTED VIOLATION: (Use continuation sheet, if necessary.)

• Relate key events to documents and attach copies of those documents

For purposes of clarification, the following chronology of events is broken down by entity account, and in the case of James & Susan McDougal, by individuals.

James B. and Susan H. McDougal, MGSL Account # 424

1/28/85 Check # 577 for $13,181.07 was issued to Worthen Bank for principal and interest payment on a loan. James McDougal's signature appears to have been forged, or signed by an unauthorized party on his behalf. There were insufficient funds in the account that date check # 577 was written; however, the McDougal's received a "personal loan" of $14,000 from Flowerwood Farms, Inc. (check # 179 - showing an allegedly forged "Susan McDougal" signature) on 1/29/85. Despite the $14,000 "loan"/deposit, the check to Worthen Bank was force paid on 2/6/85, leaving the account overdrawn $<4,116.97>, where it remained until 2/7/85 when a deposit of $5,127.04 was received from an unknown source.

2/5/85 Check # 589 for $3,154.28 was issued to the IRS. The check was allegedly signed by Susan McDougal. On the date it was written, the account was overdrawn by $<3,282.00>. When the check cleared on 2/19/85, the account's overdraft status increased to $<8,777.05>. As previously noted, the initial overdraft status on the account was caused when check # 577 for $13,181.07 to Worthen bank was force paid.

HOUSE

000589

PLS0024S

2/19/85 Check # 611 for $95,562.62 was issued too Madison Guaranty Savings & Loan, for principal and interest payments on five McDougal related loans. This check cleared from loan proceeds of $351,502.80 deposited to McDougal's account on 2/22/85. The proceeds were designated "purchase and renovation of home" for the McDougals; however, over $100,000 of the proceeds were ultimately diverted for the purpose of bringing other debt current.

2/19/85 Check # 612 for $5,659.17 was issued to Madison Guaranty Savings & Loan for interest on a McDougal related $85,000 unsecured commercial loan. Again, the check cleared through the funds provided by proceeds from the home loan.

2/20/85 A deposit for $1,000 was credited to the McDougal's account; the deposit was check # 181 from Flowerwood Farms, allegedly signed by Susan McDougal, and deposited to their account when it was overdrawn $<11,687.09>.

2/21/85 Check # 615 for $178,301.02 was issued to Madison Bank & Trust (formerly the Bank of Kingston) to payoff "#4 Bettswood Mortgage at Pulaski Bank". #4 Bettswood is the address of the McDougal's new home. It is recommended that the Pulaski Bank records be reviewed to verify this information.

2/22/85 A deposit for $10,000 was credited to the McDougal's account; the funds coming from Madison Marketing check # 238 payable to Susan McDougal, with no specific stated purpose. Prior to this deposit, the McDougal's account was overdrawn $<8,612.05>.

2/22/85 Loan proceeds, in the form of Cashier's Check # 2218 for $351,502, were deposited into the McDougal's account. As noted, this loan was for the stated purpose of purchasing and renovating a home.

2/26/85 Check # 616 for $4,500 was issued to Lorene McDougal, one of Jim McDougal's relatives. This check did not indicate a specific purpose, and cleared through the funds provided by the loan proceeds. As the McDougal's were contributing to the Clinton Campaign fund during this time frame, it is recommended that a further investigation be undertaken to determine the possibility that these funds were provided to Lorene McDougal for the possible purpose of making additional campaign contributions on behalf of the McDougals or Madison Guaranty.

2/27/85 Check # 617 for $450 was issued to Lorene McDougal. Again, there was no designated purpose on the check, which raises the previously unanswered question. Both checks to Lorene McDougal were signed by Susan McDougal.

Check # 157 for $4,500 was issued to Madison Bank & Trust for interest on loan # 3376.72. This check also cleared from the home loan proceeds, putting the dollar amount of funds diverted for other debt to over $100,000.

NOTE: It appears that the McDougal's each kept their own set of checks for their account #424, and would apparently write checks from which ever pad was available at the time. The numbers on the checks frequently range all over the spectrum in a non-sequential order.

3/1/85 Check # 158 for $8,250 was issued to Robert T. Wilson for "payment on note". Wilson's specific role in this transaction has not been defined, nor has the purpose of the "note" (loan) in question. Jim McDougal allegedly signed this check, which appears to be a fairly rare occurrence.

3/10/85 Check # 178 for $13,248 was issued to Haynes Auto, with no specifically stated purpose, but would appear to be for the purchase of a car. The check is signed "Susan McDougal", but does not appear to be Susan McDougal's alleged signature. This check cleared from the home loan proceeds. The same day check # 179 for $1,738 was issued to Haynes Auto,

again with no specifically stated purpose, and check # 180 for $13,250 was written to a Mr. Charles Bronson, for no specifically stated purpose. All three of these checks, totalling $28,236, cleared from the proceeds of the McDougal's home loan.

3/10/85 Check # 181 for $4,852 was issued to ITT Kruse Int.; the memo field shows several loan numbers. It is recommended that records be subpoenaed to determine the nature of, and participants in, this loan.

3/19/85 Madison Guaranty Savings issued check # 2104 for $30,750 to James B. McDougal for "reimbursement for lease auto purchased for Leasing Department". It is recommended that further investigation be conducted to determine if this was reimbursement for the $14,980 in checks written to Haynes Auto on 3/10, and possibly the $13,250 check also written on 3/19, to Charles Bronson. If this is the case, the checks written on 3/10 totalled $28,236, indicating that James McDougal was reimbursed for $2,514 that he did not actually spend.

3/29/85 Check # 676 for $11,000 was issued to Quapaw Title Company, with no stated purpose. This transaction would seem to indicate the possibility of a formal real estate sale or closing of some type; possibly related to the purchase of the McDougal's home, or related in some manner to the $25,000 transaction between Whitewater Development and Ozarks Realty Company. It is recommended that the Quapaw Title Company and Ozarks Realty Company records be reviewed to assess the purpose of the $11,000 check from the McDougals, and it's potential relationship to Whitewater and Ozarks Realty, if any.

4/4/85 Check # 688 for $3,000 was issued to the Bill Clinton Campaign Fund, and allegedly signed by Susan McDougal. The account balance on the date the check was written stood at $<7,897.73>; when the check cleared on 5/3, the overdraft status increased to $<10,897.73>. The account balance remained at this level until 5/9 when $5,281.21 was deposited from an unidentified source.

4/9/85 Check # 691 for $37,149.30 was issued to Execucar, Inc., allegedly a subsidiary of Madison Financial Corporation. The check did not state a specific purpose. When the check was written, the account had a balance of $34,518.78; the check cleared on 4/12 overdrawing the account by $<10,075.00>. Funds totalling the exact same amount were deposited into the McDougal's account on 4/22; the source being a Madison Guaranty Savings & Loan counter check for $37,149.30, allegedly signed by either Harry or Henry Hamilton, with the notation "85 MB 380 SL". It is conceivable that McDougal purchased the car, and then sold it for the same amount two weeks later. However, when considered with the fact that a similar situation occurred with McDougal and Execucar 9 days later on 4/18, the sale/purchase theory becomes increasingly implausible.

4/17/85 A deposit of $33,000 was credited to the McDougal's account; the source remains unidentified at this time, but research continues.

4/18/85 Check # 697 for $29,209.30 was issued to Execucar, Inc. for a black Mercedes. The same amount was refunded to the McDougal's account by Execucar on 5/1/85 when their account was overdrawn by $<28,812.96>. By this point the McDougal's have evidently purchased, and either returned or sold, two expensive cars in a 10 day period of time. It is recommended that these transactions be further investigated through the records of Execucar, Inc. to determine that nature of this activity.

4/19/85 Check # 699 for $55,000 was issued to Flowerwood Farms; this was a "loan" to cover Flowerwood's existing overdraft of $<50,994.17>, which occurred as a result of an $86,612.68 payment to Madison Guaranty Savings & Loan on

HOUSE

a McDougal related loan. At the time the $55,000 check/"loan" to Flowerwood was written, the McDougal's had $19,429.50 in their account. When the check was force paid on 4/23, the McDougal's account was overdrawn by $<26,077.82>

5/1/85 Check # 723 for $1,207.30 was issued to Madison Guaranty for the April and March payments on McDougal related loan # 1064. The account was overdrawn $<7,897.73> when the check force paid on 5/3/85. The end result of this transaction appears to be the McDougal's overdrawing their account, resulting in an unauthorized "loan" from the Association, in order to pay the Association for their April and March loan payments; there appears to be little, if any, logic to these circumstances.

5/1/85 Check # 704 for $50 was issued to the Democratic Party of Arkansas, for the purchase of "2 Jefferson Jackson Day dinner tickets". The account balance was $<5,826.36> when the check force paid.

5/15/85 Check # 748 for $20,000 was issued to Madison Guaranty for the purchase of Cashier's Check # 2704. The remitter on the Cashier's Check was Earth Mover's, Inc., whose principal is J.W. Fulbright, former Senator from Arkansas. Fulbright endorsed the check "for deposit only to Riggs National Bank" on 5/18. On 5/20, $20,000 was deposited into McDougal's account which was overdrawn $<17,682.20> at the time. The source of the deposit is undetermined at this time. It is recommended that Riggs National Bank records be reviewed to determine the possibility that these funds traveled from Fulbright back to McDougal. If so, this transaction is a likely candidate for possible check kiting.

5/16/85 A deposit of $8,370 was credited to McDougal's account, which was overdrawn $<26,052.20> at the time. The funds came from Flowerwood Farms check # 204 for $190, Pembrook Manor check # 128 for $5,300, Great Southern Land Company check # 126 for $180, Rolling Manor check # 212 for $2,400 and McDougal & Associates check # 107 for $300. Each of the checks was designated as a "loan".

5/24/85 Check # 760 for $83,233.29 was issued to Union National Bank. When the check was written, the account contained $963.19. McDougal borrowed $85,000 from MGSL (loan # 2764), and the loan proceeds were deposited into their account to cover the $83,233.29 check. However, when the check cleared on 5/31, it was forced paid, leaving the account with an overdraft balance of $<4,096.03>.

Whitewater Development Corporation, Inc., Account # 2301515
Principals: James and Susan McDougal
Bill and Hillary Rodham Clinton

12/7/84 The Whitewater account was overdrawn by approximately $<6,000>, when a deposit for $9,310 brought the balance up to $3,423.65. The deposit was made up of funds from the accounts of the combined companies: Tucker-Smith-McDougal check # 159 for $1,600, Rolling Manor check # 198 for $330 and Pembrook Manor check #120 for $7,100. Each check was designated as a "loan" to Whitewater, and each check was allegedly signed by either Susan McDougal, or Lisa Anspaugh signing as Susan McDougal. Once the deposit was credited, Whitewater issued check # 127 for $3,27.18 to the Bank of Cherry Valley, taking the account balance down to $147.47.

1/4/85 Check # 128 for $5,071.23 was issued to the Bank of Cherry Valley. The check was signed "James B. McDougal" (who had no signature authority on the account) allegedly by Susan McDougal, based on the handwriting. This check cleared the Whitewater account on 1/11 - the day after a deposit for $4,660 was made to Whitewater by the combined companies accounts.

1/10/85 Whitewater received a deposit for $4,660 from the combined company accounts of Rolling Manor, Tucker Smith McDougal, Flowerwood Farms and Pembrook Manor, bringing the account balance to $5,095.27.

1/22/85 Check # 129 for $1,000 was issued to Whitewater Development Corporation, with the notation "Acct 317.5". This check cleared on 1/28; the same day that Flowerwood Farms issued check # 177 for $1,000 to Whitewater, bringing the account balance up to $1,446.07. Without the benefit of the deposit from Flowerwood, the check written by Whitewater to the Bank of Cherry Valley would have been insufficient.

2/15/85 Check # 132 for $3,000 was issued to Chris Wade (an appraiser, according to MGSL Board Minutes), with no specific stated purpose. The check was signed "James B. McDougal", allegedly by Susan McDougal. This check cleared on 3/13, when the Whitewater account was already overdrawn $<1,891.03>, increasing the overdraft to $<4,891.03>. On the same date, there was a deposit made to the Whitewater account from the combined companies accounts, curing the overdraft.

2/18/85 Check # 133 for $1,625 was issued to Charles E. James "for accounting" services. The check was signed "Susan McDougal", allegedly by someone other than Susan McDougal. This check cleared on 2/21/85, putting the account into overdraft status by $<1,192.06>. The account effectively stayed overdrawn until 3/13, when three deposits (two from the combined companies and one from an undetermined source) totalling $8,800 were credited. The deposits were for $3,300, from the combined accounts, $2,500 from Tucker Smith McDougal, and $3,000 from an unidentified source. Given the proximity of this deposit to the $3,000 check written to Chris Wade, it is recommended that further research be conducted to determine the possibility of Wade "refunding" the $3,000 back to Whitewater, which could account for the "mystery deposit."

2/21/85 Check # 134 for $1,000 was issued to Whitewater Development Corporation with the notation "Account 317.5". The date the check was written the account balance was $<1,192.06>, and when the check cleared on 2/28, the overdraft status increased to $<1,906.93>. Evidence points to the probability that the MGSL Whitewater account was allegedly "swapping", or kiting, checks with a sister account at another bank, in order to maintain a certain account balance.

3/7/85 Check # 135 for $650 was issued to Charles James, again for "accounting" services. This check cleared the account, taking the balance to $258.97 on 3/22.

3/22/85 Check # 137 for $25,000 was issued to Ozarks Realty Company; the purpose was not stated on the check. This check was signed "James B. McDougal, allegedly by Lisa Anspaugh, based on the handwriting. The date the check was written, Whitewater's account reflected a balance of $258.97; when the check force paid on 4/1, the account was overdrawn by $<24,470.90>, which included a $15 overdraft charge that was later rebated. The account stayed overdrawn until 4/9 when a $24,455.90 deposit was received from Flowerwood Farms (check # 194). This deposit amount was exactly the amount of the overdraft, less the $15 overdraft charge. Flowerwood Farms provided the funds from a $135,000 cashiers check drawn on Stephens Security Bank of Stephens, Arkansas, which had previously been deposited to it's account.

NOTE: According to various Oklahoma, Texas and New York newspaper reports from March 1992, this could have been the time frame in which Whitewater was conducting transactions regarding the house that was allegedly purchased and subsequently sold by Ms. Clinton. It is recommended that the Whitewater and Ozarks Realty records be reviewed to determine the possibility of any existing relationship between these two transactions, and the nature of any such relationship, if found. house

4/9/85 A deposit of $24,455.90 was credited to Whitewater's account. As previously noted, the funds came from Flowerwood Farms check # 194.

4/19/85 Check # 138 for $30,000 was issued to James B. McDougal with the notation "loan repayment". When the check was written, the account balance was $270.13; when the check force paid, the account was overdrawn by $<29,744.87>. This check was signed "Susan McDougal", allegedly by Lisa Anspaugh. James McDougal endorsed this $30,000 check to Earth Movers Inc. (J. W. Fulbright), who in turn endorsed it to Madison Guaranty for the purchase of a Cashier's Check, drawn from MGSL account # 7001312, transaction # 7801. Research to locate the film of the Cashier's Check is continuing.

4/29/85 Check # 139 for $17 was issued to the Arkansas Director Finance Administration for the 1985 corporate franchise tax. The check was signed "Susan McDougal", allegedly by Lisa Anspaugh.

4/30/85 A deposit for $30,000 was credited to Whitewater's account. The funds were provided by Madison Financial Corporation, but no purpose was stated on the check. This deposit brought the Whitewater balance from $<29,744.87> to $255.13. It is recommended that the records of Madison Financial Corporation be reviewed to determine the specific business purpose of the funds remitted to Whitewater Development. The check from Madison Financial was signed by MGSL Chief Financial Officer, Greg Young, who was also responsible for creating the previously referenced "Reserves" spreadsheet (see referral summary) in which a 10/85 $30,000 "engineering survey" fee was to be charged to (or reserved from) Whitewater Development.

Tucker-Smith-McDougal, MGSL Account # 2301353
Principals: James B. McDougal
Jim Guy Tucker
Stephen A. Smith

1/22/85 Check # 161 for $3,894.66 was issued to First Commercial Bank for interest on a loan. The check was signed "James B. McDougal", allegedly by Susan McDougal. James McDougal does not appear on the signature card as a signatory on this account. The date the check was written, the account balance did not contain sufficient funds; when the check cleared on 1/28, the account was overdrawn $<2,953.00>. The same day, Flowerwood Farms made a $3,500 "loan" (check # 176) to Tucker Smith McDougal, allegedly for the purpose of covering the overdraft.

2/7/85 Check # 162 for $3,000 was issued to James B. McDougal as a "personal loan". The check was allegedly written and signed by Susan McDougal. This check was deposited to McDougal's account along with a check from Madison Financial Corporation for $2,127.04 noted as "salary" on the deposit slip.

2/14/85 Check # 163 for $300 was issued to James B. McDougal for "petty cash." This check was also allegedly written and signed by Susan McDougal.

2/17/85 Check # 164 for $1,600 was issued to Charles E. James for "accounting" services. The check was signed "Susan McDougal" allegedly by someone other than Ms. McDougal, and appears to be the signature showing on the actual MGSL signature card. As previously noted, the signature on the MGSL account signature card is not believed to be that of Susan McDougal.

3/11/85 A deposit of $1,150 was credited to the Tucker Smith McDougal account; according to the deposit slip, the funds were related to "Robert Armstrong". However, the check was actually payable to Madison Guaranty Savings, and endorsed on behalf of Madison Guaranty, allegedly by Susan McDougal, and subsequently deposited to the Tucker Smith McDougal account. This deposit was made one day prior to the clearing of Tucker Smith McDougal check # 165 for $2,500, payable to Whitewater Development.

3/12/85 Check # 165 for $2,500 was issued to Whitewater Development. This check, along with checks from the other combined companies accounts totalling $3,300, were deposited to Whitewater on 3/12, curing an overdraft of $<4,891.03> The overdraft status in the Whitewater account was caused by the force pay of check # 132 for $3,000 issued to Chris Wade.

3/13/85 Check # 166 for $4,000 was issued to Citizens Bank for "release deed in Madison County". This check was signed "James B. McDougal", allegedly by Susan McDougal. The date the check was written, there were insufficient funds in the Tucker Smith McDougal account; the check cleared on 3/19, overdrawing the account by $<3,927.60>. This overdraft situation existed for three weeks, until 4/9, at which time a deposit of $9,189.69 was made into the account by check # 193 from Flowerwood Farms. The difference in the deposit amount and the new account balance, $5,664.73, was exactly the amount necessary to cover Tucker Smith McDougal check # 169 for $5,664.73 to Citizen's Bank, written on 4/1 when the account was still overdrawn.

4/1/85 Check # 169 for $5,664.73 was issued to Citizen's Bank of Marshall, Arkansas for payment on "notes 40071190 and 00031484". The status of the account at this time was sufficiently discussed in the foregoing Tucker Smith McDougal transaction dated 3/13/85.

Flowerwood Farms, Inc. MGSL Account # 2J01361
Principals: Undetermined at this time

12/11/84 Check # 170 for $8,000 was issued to James B. McDougal. At the time this check was issued, the McDougal's account was overdrawn by $<4,095.39>. This deposit from Flowerwood brought the balance up to $3,904.61

1/10/85 Check # 172 for $1,430 was issued to Whitewater Development as part of a $4,660 deposit. The funds from this deposit were allegedly used to cover Whitewater's check # 128 for $3,071.23 to the Bank of Cherry Valley.

1/22/85 Check # 173 for $6,202.26 was issued to First Commercial Bank for "interest on note # 00003618". The check was signed "James P. McDougal" allegedly by Susan McDougal. The date the check was written, the account contained a balance of $866.74. However, on 1/23 a $28,500 deposit was credited to the account, received from Bill Henley (brother-in-law of Susan McDougal) allegedly for "20 acres in Pulaski County". The check for $6,202.26 cleared the Flowerwood account on 1/25.

1/24/85 Check # 175 for $3,500 was issued to James B. McDougal. This check was part of a $4,675.41 deposit to McDougal's account.

1/28/85 Check # 176 for $3,500 was issued to Tucker Smith McDougal for the alleged purpose of covering the existing Tucker Smith McDougal overdraft. This check was allegedly signed by Susan McDougal

1/28/85 Check # 177 for $1,000 was issued to Whitewater Development as a "loan" to cover Whitewater's existing overdraft. This check was allegedly signed by Susan McDougal.

1/29/85 Check # 179 for $14,000 was issued to James P. McDougal as a "personal loan". This check was signed "Susan McDougal", allegedly by someone other than Susan McDougal. The loan was allegedly intended to cover a $13,181.07 check written on McDougal's account to Worthen Bank; however, the check was force paid, and McDougal's account was overdrawn.

3/12/85 Check # 183 for $1,500 was issued to Great Southern Land Company, designated as a "loan." The same day, check # 184 for $500 was issued to McDougal & Associates, also designated as a "loan. This check was signed "Susan McDougal", allegedly by Lisa Anspaugh.

HOUSE

000895

PLS0030S

4/1/85 Check # 188 for $11,763.11 was issued to International Paper Realty Corporation as a principal and interest payment on a note. The check was signed "Susan McDougal", allegedly by someone other than Susan McDougal. There was a balance of $1,550.91 in the account the date the check was written; however, a $135,000 deposit was received and credited prior to this check clearing.

4/3/85 Check # 189 for $53,053.41 was issued to First Commercial Bank to "pay off commercial loan". Funds for this check were derived from a $135,000 deposit to Flowerwood's account the same day.

4/3/85 A deposit of $135,000 was credited to the Flowerwood account from a Cashiers Check drawn on the Stephens Security Bank of Stephens, Arkansas. Funds from this deposit were remitted from Flowerwood to:

- Madison Guaranty for $3,000, check # 192 (further research into the possibility that this was a campaign contribution has previously been suggested)
- Tucker Smith McDougal for $9,189.69, check # 193, allegedly to cover an existing overdraft.
- Whitewater Development for $24,455.90, check # 194, allegedly to cover the overdraft caused by Whitewater's check for $25,000 to Ozarks Realty.
- First Commercial Bank for $53,053.41, check # 189, allegedly for a McDougal related loan payoff.
- International Paper Realty for $11,763.11, check # 188, for a loan payment
- Madison Guaranty Savings and Loan for $86,612.68, check # 196, allegedly to pay off a McDougal related loan. This check overdrew the account by $<50,994.18>, which was subsequently covered by James B. McDougal's check for $55,000, which overdrew McDougal's account by $<28,077.8>

4/4/85 Check # 192 for $3,000 was issued to Madison Guaranty Saving; there was no specific purpose stated on the check. As previously noted in this referral, it was recommended that further research be conducted into the disposition of these funds to determine the possibility that this was an additional campaign contribution, given the time frame involved.

4/9/85 Check # 193 for $9,189.69 was issued to Tucker Smith McDougal, allegedly for the purpose of covering the existing overdraft in the Tucker Smith McDougal account, as well as covering the yet outstanding Tucker Smith McDougal check # 169 for $5,664.73 to Citizen's Bank.

4/9/895 Check # 194 for $24,455.90 was issued to Whitewater Development, allegedly to cover Whitewater's overdraft, as previously noted. This check was signed "James B. McDougal", allegedly by Lisa Knapaugh.

4/17/85 Check # 196 for $86,612.68 was issued to Madison Guaranty Savings & Loan for "principal and interest" on McDougal related loan # 1591. This check overdrew the Flowerwood account by $<50,994.18> when it was force paid. Funds to allegedly cover this overdraft were provided by check # 699 for $55,000 from James B. McDougal's account. As noted in prior transaction analyses, the $55,000 check from Mcdougal overdrew his account by $<28,077.82>. This transaction provides a blatant example of the check kiting alleged in the summary of the referral.

4/1/85 Check # 188 for $11,763.11 was issued to International Paper Realty Corporation as a principal and interest payment on a note. The check was signed "Susan McDougal", allegedly by someone other than Susan McDougal. There was a balance of $1,550.91 in the account the date the check was written; however, a $135,000 deposit was received and credited prior to this check clearing.

4/3/85 Check # 189 for $53,053.41 was issued to First Commercial Bank to "pay off commercial loan". Funds for this check were derived from a $135,000 deposit to Flowerwood's account the same day.

4/3/85 A deposit of $135,000 was credited to the Flowerwood account from a Cashiers Check drawn on the Stephens Security Bank of Stephens, Arkansas. Funds from this deposit were remitted from Flowerwood to:

- Madison Guaranty for $3,000, check # 192 (further research into the possibility that this was a campaign contribution has previously been suggested)
- Tucker Smith McDougal for $9,189.69, check # 193, allegedly to cover an existing overdraft.
- Whitewater Development for $24,455.90, check # 194, allegedly to cover the overdraft caused by Whitewater's check for $25,000 to Ozarks Realty.
- First Commercial Bank for $53,053.41, check # 189, allegedly for a McDougal related loan payoff.
- International Paper Realty for $11,763.11, check # 188, for a loan payment
- Madison Guaranty Savings and Loan for $86,612.68, check # 196, allegedly to pay off a McDougal related loan. This check overdrew the account by $<50,994.18>, which was subsequently covered by James B. McDougal's check for $55,000, which overdrew McDougal's account by $<28,077.8>

4/4/85 Check # 192 for $3,000 was issued to Madison Guaranty Saving; there was no specific purpose stated on the check. As previously noted in this referral, it was recommended that further research be conducted into the disposition of these funds to determine the possibility that this was an additional campaign contribution, given the time frame involved.

4/9/85 Check # 193 for $9,189.69 was issued to Tucker Smith McDougal, allegedly for the purpose of covering the existing overdraft in the Tucker Smith McDougal account, as well as covering the yet outstanding Tucker Smith McDougal check # 169 for $5,664.73 to Citizen's Bank.

4/9/895 Check # 194 for $24,455.90 was issued to Whitewater Development, allegedly to cover Whitewater's overdraft, as previously noted. This check was signed "James B. McDougal", allegedly by Lisa Anspaugh.

4/17/85 Check # 196 for $86,612.68 was issued to Madison Guaranty Savings & Loan for "principal and interest" on McDougal related loan # 1591. This check overdrew the Flowerwood account by $<50,994.18> when it was force paid. Funds to allegedly cover this overdraft were provided by check # 699 for $55,000 from James B. McDougal's account. As noted in prior transaction analyses, the $55,000 check from Mcdougal overdrew his account by $<28,077.82>. This transaction provides a blatant example of the check kiting alleged in the summary of the referral.

HOUSE

5/16/85 Check # 204 for $190 was issued to James B. McDougal as a "loan." This check was part of a deposit from the combined accounts totalling $8,370, which went into McDougal's account at a time when it was overdrawn $<26,052.20>

Of the combined companies accounts, Flowerwood Farms, Inc., Whitewater Development Corporation, Inc., and Tucker Smith McDougal, in conjunction with the personal account of James B. and Susan M. McDougal, were the most active and egregious contributors to the alleged overdraft and check kiting activities. Although the other entities, (Rolling Manor, Inc., Pembrook Manor, Inc., Great Southern Land Company, McDougal & Associates, etc.) contributed a significant share of the "combined companies" deposits and "loans" between the various accounts, the specifics regarding their activities have been omitted for the purposes of brevity. Individual transaction information for the "combined companies" accounts during the 12/84 - 5/85 time frame can be found in the attached database report, which outlines the dates, transaction types, check numbers, payee, payor and deposit recipients. This database has been individually sorted by date, dollar amount, payee, payor and deposit recipient in order to facilitate ongoing research and further investigative activities.

• Explain who benefitted, financially or otherwise, from the transaction, how much, and how.

Those who allegedly stood to gain the most benefit from these numerous and questionable inter-account transactions, were the principals of the combined entities; James and Susan McDougal, Lisa Anspaugh (who is a principal in Designer Construction and allegedly Madison Marketing, as well as an alleged business associate of Jim Guy Tucker), Bill and Hillary Rodham Clinton, Jim Guy Tucker, Steve Smith, and any other principals as yet unidentified. The overdrafts and "loan" transactions, or alleged check "swapping" and kiting, between the combined companies accounts ensured that loan payments and other corporate obligations were met, thus clearly benefitting the principals of each entity.

In addition, the McDougal's stood to gain extensive financial benefit by utilizing these various shell companies as a vehicle through which to channel funds from Madison Guaranty, through Madison Financial and it's subsidiaries, into the personal account of James and Susan McDougal.

• Furnish any explanation of the transaction provided by the suspect and indicate to whom and when it was given.

To date, no explanation has been given by any suspect.

• Furnish any explanation of the transaction provided by any other person.

No explanations of these transactions have been provided by anyone other than the Investigator at this time.

• Furnish any evidence of coverup by the suspect, or evidence of an attempt to deceive federal or state examiners or others.

This entire series of transactions by and between the combined companies and their accounts is being alleged as an effort by the McDougal's to "smokescreen" the flow of funds from Madison Guaranty and it's subsidiaries, into the various entities owned and operated by the McDougal's and their business associates.

• Indicate where the suspected violation took place (e.g., main office, branch, other).

These violations collectively took place at the Madison Guaranty Savings and Loan office at 16th and Main in Little Rock, Arkansas.

• Recommend any further investigation that might assist law enforcement in fully examining the potential violation.

Individual recommendations have been noted within the transactional analyses throughout the body of the referral. However, it should be reiterated that certain individuals on the witness list should be extensively interviewed with regard to their knowledge of the activities between the combined companies and their accounts.

7c. Indicate whether the suspected violation appears to be an isolated incident or whether it relates to other transactions. (Explain)

No; this violation was not isolated, but rather ongoing over a period of three or more years, possibly making a significant contribution to the failure of the institution.

8. EXCLUSION OF INFORMATION FROM THE REFERRAL:

Has any pertinent information been excluded from this referral as a result of any legal or other restraint?
_____ Yes __X__ No If so, why?

Have the excluded information or documents been segregated for later retrieval?
_____ Yes __X__ No

NOTE: DUE TO THE BULK OF THE EXHIBITS, THEY WILL BE SHIPPED TO THE U.S. ATTORNEY'S OFFICE UNDER SEPARATE COVER.

9. HAS SUSPECTED INDIVIDUAL(S) MADE ANY ADMISSIONS?

_____ Yes __X__ No If so, who?

10. WITNESSES:
List any witnesses who might have information about the suspected violation and describe their position or employment. Indicate if they have been interviewed. (Use continuation sheet, if necessary.)

	NAME	POSITION	ADDRESS (CITY/STATE/ZIP)	TELEPHONE NUMBER	INTERVIEWED	
					YES	NO
1.	Bill Clinton	Governor/AR and McDougal business associate	Little Rock, Arkansas	Unknown		X
2.	Hillary Rodham Clinton	Counsel/MGSL and McDougal business associate	Little Rock, Arkansas	Unknown		X
3.	Jim Guy Tucker	Lt. Governor/AR and McDougal business associate	Little Rock, Arkansas	Unknown		X
4.	Stephen A. Smith	McDougal business associate	Little Rock, Arkansas	Unknown		X
5.	J. W. Fulbright	McDougal business associate	Little Rock, Arkansas	Unknown		X
6.	Greg Young	Former MGSL Chief Financial Officer	Little Rock, Arkansas	Unknown		X

In addition to the foregoing witnesses, it is also recommended that the following individuals be interviewed with respect to their knowledge:

Kirby Randolph - former receptionist at MGSL, and recipient of all monthly statements on the combined companies accounts in lieu of mailing; also the wife of R. D. Randolph, a McDougal business associate and frequent depositor to various combined companies accounts.

R. D. Randolph - former McDougal business associate; allegedly involved with several of the combined companies.

Bonnie Crocheron - currently employed by MGSL's successor entity, Central Bank and Trust. Formerly involved in administration at the Association; allegedly knowledgeable regarding the institutions Demand Deposit Accounts and their holders.

Charles E. James - accountant for the combined companies, and registered agent for Whitewater Development Corporation.

11. DISCOVERY AND REPORTING:

a. Who discovered the suspected violation and when?

Investigator; in May 1992

b. Has the suspected violation been reported to the Board of Directors?
_____ Yes _____ No Not Applicable

By whom and when? Not Applicable

c. Has the Board of Directors taken action?
_____ Yes _____ No Not Applicable

If so, what and when? Not Applicable

d. Has the suspected violation previously been reported to federal or local law enforcement or to any federal or state supervisory agency?
_____ Yes __X__ No

If Yes, Agency:
Agent:
Address: (City/State)
Telephone Number:

12. LOSS:

a. Amount of Loss known: $ Undetermined at this time
b. Restitution by: Not Applicable
In the amount of: $ Not Applicable
c. Name of Applicable Surety Bond Company:
d. Amount of Bond: $
e. Amount of deductible: $
f. Was claim filed? _____ Yes _____ No
g. Settlement by Surety Company: $
h. Total restitution and settlement to date: $ Not Applicable
i. Net Loss: (After subtracting any amounts paid in the form of restitution or settlement) $
j. Is additional loss suspected? __X__ Yes _____ No
(If yes, explain)

The nature of the transactions identified in this referral could lead to additional losses under further investigation.

k. Has the suspected violation had a material impact on, or otherwise affected, the financial soundness of the institution? If so, please explain.

Yes; the activities identified and alleged within this referral could have contributed to the failure of the institution.

13. OFFER OF ASSISTANCE:

The individuals listed below are/will be authorized to discuss this referral with appropriate law enforcement officials and to assist in locating or explaining any documents pertinent to this referral, provided that contact is first made with:

NAME	TELEPHONE NUMBER
Lee O. Ausen/Department Head/ Criminal Investigations/KCCO	(816) 531-2212
L. Richard Iorio/Field Investigations Officer/KCCO	(816) 531-2212

14. FORM PREPARED BY: Laura Jean Lewis
Position: Criminal Investigator
Agency/Institution: Resolution Trust Corporation
Telephone Number: (816) 968-7237
Date: August 31, 1992

15. AUTHORIZATION FOR TRANSMITTAL:

Investigator — Date 8/31/92

Criminal Investigations Department Head — Date 9/1/92

Field Investigations Officer — Date 9-1-92

736-TCO/kei
Revised 10/08/91
Crimref.scw

HOUSE
001000

PLS00355

RTC
4900 Main Street, P.O. Box 419570
Kansas City, Missouri 64141 (816) 531-2211 (800) 365-3342

September 1, 1992

RECEIVED
SEP 3 1992
U.S. ATTORNEY'S OFFICE
LITTLE ROCK, ARKANSAS

The Honorable Charles A. Banks
United States Attorney
Eastern District of Arkansas
U.S. Post Office and Courts Building
600 W. Capitol, Room 331
P.O. Box 1229
Little Rock, Arkansas 72203

Re: #7236 Madison Guaranty Savings & Loan
Little Rock, Arkansas - In Receivership (11/29/90)
CRIMINAL REFERRAL NUMBER C0004

Dear Sir:

Certain matters have come to our attention which may constitute criminal offenses under Federal law. Enclosed is a report of an Apparent Criminal Irregularity.

Information in this referral may have been derived from financial records of customers of federally insured financial institutions. I hereby certify that (A) there is reason to believe that these records may be relevant to a violation of Federal criminal law, and (B) the records were obtained in the exercise of the RTC's supervisory or regulatory functions.

Due to the extensive nature of the exhibits relating to this referral, they are being sent to your office under separate cover.

Please direct any inquiries to the Investigator identified on the referral form, or to Lee O. Aasen, Department Head/Criminal Investigations, Kansas City Consolidated Office.

Sincerely,

L. Richard Iorio
Field Investigations Officer

Enclosure

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

October 27, 1993

Ms. L. Jean Lewis
Criminal Investigator
Resolution Trust Corporation
4900 Main Street, Suite 200
Kansas City, MO 64112

Re: #7236 Madison Guaranty Savings and Loan
Criminal Referral Number C0004

Dear Ms. Lewis:

I am writing at the request of the Office of Legal Counsel, Executive Office for U.S. Attorneys of the U.S. Department of Justice to let you know the status of this referral.

As you know, this referral was reviewed by the Criminal Division of the U.S. Department of Justice at the request of the previous United States Attorney for the Eastern District of Arkansas. The matter was concluded before I began working in this office, and I was unaware that you had not been told until I was contacted by the Office of Legal Counsel. After receiving the call from Legal Counsel I reviewed the referral, and I concur with the opinion of the Department attorneys that there is insufficient information in the referral to sustain many of the allegations made by the investigators or to warrant the initiation of a criminal investigation.

Although I am declining to take further substantive action on this referral, my decision does not foreclose future prosecutions about the matters covered by the referral or related matters in the event that my office and the FBI are given access to records or information indicating that prosecutable cases can be made.

Sincerely,

Paula J. Casey

PAULA J. CASEY
United States Attorney

cc: Debra Westbrook
Office of Legal Counsel

Date: Thursday, October 6, 1994 11:40 am
From: AEX03(LMCWHORT)
Subject: Ark. Urgent Rept.

Ira: Mac Dotson, 1st AUSA I think, called my folks on the 6th to say that he'd been sitting on the "referral" for six weeks and wondered if he should let us ~~know something~~. He was asked to fax us the information. He said that he thought some further investigation was needed. Let me know if you want us to do anything. LSM

DEPARTMENT OF JUSTICE
EXECUTIVE SECRETARIAT HISTORY DATA SHEET

From: MCWHORTER, LAURENCE S., DIRECTOR, EOA
To: AG., DAG, ASG
ODD: NONE
Date Received: 10-07-92 Date Due: NONE Control #: X92100714754
Subject & Date
10-07-92 "SENSITIVE" MEMO ATTACHING A COPY OF A REFERRAL RECEIVED BY THE U.S. ATTORNEY'S OFFICE FOR THE EASTERN DISTRICT OF ARKANSAS FROM THE RESOLUTION TRUST CORPORATION CONCERNING APPARENT CRIMINAL ACTIVITIES INVOLVING A SAVINGS AND LOAN ASSOCIATION.

	Referred To:	Date:		Referred To:	Date:	
(1)	OAG;	10-07-92	(5)			SPEC:
(2)			(6)			
(3)			(7)			PRTY:
(4)			(8)			1S
	INTERIM BY:			DATE:		OPR:
	Sig. For: NONE			Date Released:		EHZ

Remarks
CC INDICATED FOR CRM, OPC.
INFO CC: ODAG (RAPHAELSON).
(1) FOR INFORMATION.
.
LIMITED DISTRIBUTION.
(SEE EXEC. SEC. 92102115319.)

Other Remarks:

FILE: REPORTS/DOJ URGENT-SENSITIVE

REMOVE THIS CONTROL SHEET PRIOR TO FILING AND DISPOSE OF APPROPRIATELY
****

017458

FBI

TRANSMIT VIA:
☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:
☒ Immediate
☐ Priority
☐ Routine

CLASSIFICATION
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 10/7/92

FM FBI LITTLE ROCK (29-0)

TO DIRECTOR FBI/IMMEDIATE/

BT

UNCLAS

CITE: //1390//

PASS: WCC SECTION, FIF UNIT, SSA KEVIN KENDRICK.

SUBJECT: MADISON GUARANTY SAVINGS AND LOAN; FIF:

OO: LITTLE ROCK.

RE TELCALS FROM SSA KEVIN KENDRICK, FBIHQ, TO SSA STEVEN D. IRONS, LITTLE ROCK, OCTOBER 6 AND 7, 1992; FACSIMILE TRANSMISSION FROM SSA IRONS TO SSA KENDRICK, OCTOBER 6, 1992; AND LITTLE ROCK AIRTEL TO FBIHQ, AUGUST 26, 1992, CAPTIONED "FINANCIAL INSTITUTION FRAUD AND FAILURE MATTERS; FINANCIAL INSTITUTION REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989 (FIRREA) AND CRIME CONTROL ACT OF 1990 (CCA) RESOURCES.

SDI/sso
(1)

Approved: _____ Original filename: SSOC01W.281 (1)

Time Received: _____ Telprep filename: _____

MRI JULIAN DATE: _____ ISN _____

*PAGE 2 LR (29-0) UNCLAS

THE RESOLUTION TRUST CORPORATION (RTC) PROVIDED A CRIMINAL REFERRAL FROM ITS KANSAS CITY, MISSOURI, OFFICE TO FBI, LITTLE ROCK, CONCERNING ACTIVITY THAT OCCURRED AT MADISON GUARANTY SAVINGS AND LOAN (MGSL) BETWEEN DECEMBER, 1984, AND MAY, 1985. RTC SIMULTANEOUSLY FURNISHED A COPY OF THE SAME REFERRAL TO THE UNITED STATES ATTORNEY'S OFFICE (USAO), EASTERN DISTRICT OF ARKANSAS (EDAR). THE EXHIBITS REFERENCED IN THE REFERRAL WERE PROVIDED TO THE USAO, EDAR, BY RTC AND HAVE NOT BEEN REVIEWED BY LITTLE ROCK FBI. BY REFERENCED AUGUST 26, 1992, AIRTEL, LITTLE ROCK ADVISED OF ITS ANTICIPATED RECEIPT OF THE MGSL REFERRAL, INCLUDING GENERAL DETAILS OF THE CRIMINAL ACTIVITY ALLEGED AND EXPECTED REFERENCES TO BILL AND HILLARY CLINTON AND JAMES AND SUSAN MC DOUGAL.

THE FOLLOWING INDIVIDUALS WERE IDENTIFIED IN THE REFERRAL AS PERSONS SUSPECTED OF CRIMINAL ACTIVITY:

JAMES B. MC DOUGAL

SUSAN H. MC DOUGAL (WIFE OF JAMES MC DOUGAL)

LISA ANSPAUGH

PAGE 3 LR (29-0) UNCLAS

THE FOLLOWING PERSONS WERE IDENTIFIED BY RTC AS BEING POSSIBLE WITNESSES TO THE SUSPECTED CRIMINAL ACTIVITY:

BILL CLINTON

HILLARY RODHAM CLINTON

JIM GUY TUCKER (LIEUTENANT GOVERNOR - ARKANSAS)

STEPHEN A. SMITH

J. W. FULBRIGHT (FORMER ARKANSAS SENATOR)

GREG YOUNG

FURTHER IDENTIFIED BY RTC AS PERSONS POSSIBLY HAVING KNOWLEDGE OF VALUE TO ANY INVESTIGATION CONDUCTED WERE:

KIRBY RANDOLPH

R. D. RANDOLPH

BONNIE CROCHERON

CHARLES E. JAMES

RTC FURTHER STATES IN ITS REFERRAL THE AMOUNT OF LOSS AS A RESULT OF THE ACTIVITY FORMING THE BASIS OF THE REFERRAL IS "UNKNOWN" AND "THE ACTIVITIES IDENTIFIED AND ALLEGED WITHIN THIS REFERRAL COULD HAVE CONTRIBUTED TO THE FAILURE OF THE INSTITUTION." NONE OF THE MULTITUDE OF EVENTS DESCRIBED WAS SPECIFICALLY IDENTIFIED AS RESULTING IN A LOSS TO THE

*PAGE 4 LR (29-0) UNCLAS

INSTITUTION, AND THEIR CONTRIBUTION TO THE EVENTUAL FAILURE OF MGSL IS NOT IDENTIFIED.

IN LITTLE ROCK INVESTIGATION DOCUMENTED BY FILE 290-2549 (CLOSED), JAMES MC DOUGAL, JIM HENLEY, AND DAVID HENLEY WERE INDICTED BY A FEDERAL GRAND JURY IN THE EDAR ON NOVEMBER 20, 1989, ON VARIOUS BANK FRAUD CHARGES RELATED TO THEIR ACTIVITIES AT MGSL. JOHN LATHAM PLED GUILTY TO AN INFORMATION CHARGING HIM WITH BANK FRAUD AT MGSL ON FEBRUARY 16, 1990. TRIAL OF THE THREE INDICTED DEFENDANTS WAS HELD MAY 29, 1990, THROUGH JUNE 7, 1990. THE PRESIDING JUDGE MADE A DIRECTED VERDICT OF ACQUITTAL ON DAVID HENLEY, AND THE JURY RETURNED A VERDICT OF NOT GUILTY ON ALL COUNTS ON MC DOUGAL AND JIM HENLEY. THE GIST OF THE CASE WAS THAT MC DOUGAL ENRICHED HIMSELF THROUGH LAND "FLIPS" AND RELATED REAL ESTATE DEVELOPMENT ACTIVITIES FINANCED BY MGSL, WHICH HE EFFECTIVELY CONTROLLED.

IT IS NOTED MC DOUGAL IS DESCRIBED AS A DIAGNOSED MANIC DEPRESSIVE AND HIS PSYCHOLOGICAL STATE WAS PART OF HIS DEFENSE. IT IS ALSO NOTED LATHAM ADMITTED TO FALSIFYING INTERNAL MGSL DOCUMENTS TO DECEIVE FEDERAL EXAMINERS. IN

PAGE 5 LR (29-0) UNCLAS

ADDITION, ANOTHER POTENTIAL WITNESS IDENTIFIED BY RTC, BONNIE CROCHERON, TESTIFIED IN ANOTHER LITTLE ROCK MATTER [redacted] AS A RECORDS CUSTODIAN FOR A FINANCIAL INSTITUTION. ALTHOUGH SHE HAD NO REASON TO LIE, SHE DID SO TO A FEDERAL GRAND JURY CONCERNING HER UNEXPLAINED ALTERATION OF RECORDS REQUESTED BY THE GRAND JURY. SHE WAS NOT CHARGED DUE TO THE PERCEPTION BY THE ASSISTANT UNITED STATES ATTORNEY THAT CROCHERON WAS NOT IN FULL CONTROL OF HER ACTIONS, POSSIBLY DUE TO MENTAL IRREGULARITIES.

THE LENGTHY REFERRAL REFERS TO THE GENERAL AND SPECIFIC ASSOCIATIONS BETWEEN NUMEROUS INDIVIDUALS AND THEIR ALLEGED PARTICIPATION OR PASSIVE APPROVAL IN UNAUTHORIZED LOANS AND CHECK KITING. THE RTC REFERRAL CLEARLY INDICATES A STRONG BELIEF THE SIGNATURES ON CHECKS AND LOAN DOCUMENTS PERTINENT TO THE REFERRAL ARE BELIEVED TO BE FORGED OR "UNAUTHORIZED." IT FURTHER DESCRIBES SOME OF THE COMPANIES LISTED ON PAGE 5 AS SHELLS WHOSE ONLY ACTIVITY WAS TO SERVE AS VEHICLES FOR THE ALLEGED ILLEGAL ACTIVITY. THE ANALYSIS CITED IN THE LAST TWO PARAGRAPHS OF PAGE 5 CLEARLY INDICATES PROBABLE CHECK KITING ACTIVITY. WHILE THE REFERRAL'S STATED SUSPICION THAT THE

*PAGE 6 LR (29-0) UNCLAS

ACTIVITY WAS FOR THE BENEFIT OF THE MC DOUGALS, THE FURTHER SUPPOSITION THAT OTHER PERSONS BENEFITTED DOES NOT APPEAR TO BE FACTUALLY SUPPORTED BY THE DETAILS THAT FOLLOW WITHIN THE REFERRAL. IN ADDITION TO THE ALLEGED CHECK KITING, THE MC DOUGALS ARE ALLEGED TO HAVE DIVERTED THE PROCEEDS OF THEIR MGSL HOME PURCHASE AND IMPROVEMENT LOAN. AS CHARGED IN THE TRIAL OF MC DOUGAL AND ALLEGED BY THE ACTIVITY IN THE REFERRAL, MC DOUGAL WAS LIVING FAR BEYOND HIS LEGITIMATE MEANS AND ENGAGED IN FINANCIAL IMPROPRIETIES AT MGSL AND OTHER COMPANIES IN ORDER TO FURTHER ENRICH HIMSELF AND AVOID DETECTION.

THE REFERRAL ALSO NOTES (PAGE 7) THE MGSL BOARD OF DIRECTORS WAS AWARE OF THE TOTAL MGSL OVERDRAFT SITUATION AS REFLECTED IN ITS OCTOBER, 1985, MINUTES AND VOTED TO CALL IT "AN INVESTMENT IN SERVICE CORPORATION."

THE ACTIVITIES OF MC DOUGAL AS THEY MAY HAVE INVOLVED BILL OR HILLARY CLINTON ARE RELATED TO WHITEWATER DEVELOPMENT CORPORATION, INC. (WWD). JAMES AND SUSAN MC DOUGAL AND BILL AND HILLARY CLINTON WERE THE PARTNERS IN WWD. PAGE 7, PARAGRAPH 4, AND PAGE 8, PARAGRAPHS 2 AND 3, DISCUSS THE

*PAGE 7 LR (29-0) UNCLAS

CHECK-KITING ACTIVITY INVOLVING THE WWB ACCOUNT AT MGSL. THE CLINTONS ARE NOT MENTIONED AS MAKING OR ENDORSING ANY CHECKS, AND, IN FACT, IT IS ALLEGED IN THE REFERRAL THE SIGNATURE OF JAMES MC DOUGAL WAS FORGED OR SIGNED BY ANSPAUGH, OR POSSIBLY SUSAN MC DOUGAL. AS STATED IN THE LAST TWO SENTENCES OF THE REFERRAL, "ALTHOUGH CIRCUMSTANCES POINT TO THE PROBABILITY THAT SOME OR ALL OF HIS BUSINESS PARTNERS WERE AWARE OF THE ACTIVITY TAKING PLACE WITHIN THE WHITEWATER PARTNERSHIP AND CORPORATE CHECKING ACCOUNTS, THERE IS INSUFFICIENT EVIDENCE AT THIS TIME TO PROVE THAT THEY HAD KNOWLEDGE. CONSEQUENTLY, THESE INDIVIDUALS WILL APPEAR ON THE LIST OF WITNESSES CONTAINED AT THE END OF THIS REFERRAL." THE "WITNESSES" AND "BUSINESS PARTNERS" REFERRED TO ARE BILL AND HILLARY CLINTON. IT IS THE OPINION OF LITTLE ROCK FBI AND THE UNITED STATES ATTORNEY AND FIRST ASSISTANT, EDAR, THAT THERE IS INDEED INSUFFICIENT EVIDENCE TO SUGGEST THE CLINTONS HAD KNOWLEDGE OF THE CHECK-KITING ACTIVITY CONDUCTED BY MC DOUGAL OR ANSPAUGH. THE EARLIER MENTION OF A CAMPAIGN CONTRIBUTION TO THE GUBERNATORIAL CAMPAIGN ALSO DREW NO NEXUS SUGGESTING KNOWLEDGE OR INVOLVEMENT BY THE CLINTONS. AGAIN, ON PAGE 9,

^PAGE 8 LR (29-0) UNCLAS

PARAGRAPH 4, OF THE REFERRAL, RTC ADVISES THERE IS NOT SUFFICIENT EVIDENCE AT THE PRESENT TIME TO PROVE KNOWLEDGE BY PERSONS LISTED AS WITNESSES IN THE REFERRAL. LITTLE ROCK NOTES KNOWLEDGE BY, OR ASSISTANCE FROM, THE LISTED WITNESSES IS NOT ONLY NOT INDICATED, IT WAS NOT NECESSARY FOR MC DOUGAL/ANSPAUGH TO ADVISE OR INCLUDE THE WITNESSES IN THE SCHEME.

BEGINNING ON PAGE 10 OF THE REFERRAL, SPECIFIC TRANSACTIONS CONCERNING WWD ARE DESCRIBED TO THE EXTENT THE NATURE WAS DISCERNIBLE FROM MGSL RECORDS BY THE RTC. AT THE BOTTOM OF PAGE 11, THE REFERRAL MAKES REFERENCE AS A "NOTE" THE ALLEGATIONS MADE IN NEWSPAPER ARTICLES CONCERNING THE PURCHASE AND SALE OF A HOUSE BY WWD ON BEHALF OF HILLARY CLINTON. THE REFERRAL RECOMMENDS A COURSE OF ACTION BY THE GOVERNMENT, I.E., THE REVIEW OF THE RECORDS OF OZARKS REALTY AND WWD TO DETERMINE IF WWD CHECK NUMBER 137, MARCH 22, 1985, WAS INVOLVED IN THE TRANSACTION. IT IS NOTED BY LITTLE ROCK THE CHECK IN QUESTION WAS ALLEGEDLY SIGNED BY ANSPAUGH IN THE NAME OF JAMES B. MC DOUGAL. THE AUTHOR OF THE REFERRAL IDENTIFIES ANSPAUGH AS THE PROBABLE SIGNER BASED ON HER OWN

*PAGE 9 LR (29-0) UNCLAS

OPINION BASED ON OTHER MGSL WRITING SAMPLES. A DEPOSIT FOR $30,000 LISTED AS BEING PROCESSED APRIL 30, 1985, TO WWD CAME FROM MADISON FINANCIAL AND APPEARS TO RELATE TO EFFORTS TO COVER PREVIOUS OVERDRAFTS IN THE WWD ACCOUNT. AT THE BOTTOM OF PAGE 18 OF THE REFERRAL, KIRBY RANDOLPH IS IDENTIFIED AS A FORMER RECEPTIONIST AT MGSL WHO RECEIVED ALL MONTHLY STATEMENTS OF ALL COMPANIES, WHICH IS UNDERSTOOD BY LITTLE ROCK TO INCLUDE WWD. THAT SITUATION, IF TRUE, FURTHER INDICATES A STRONG POSSIBILITY MC DOUGAL WAS IN CHARGE OF WWD RECORDS, JUST AS HE WAS WITH THE RECORDS OF NUMEROUS OTHER COMPANIES INVOLVED IN THE CHECK KITING, AND DOES NOT SUGGEST THE CLINTONS HAD ACCESS TO CHECKING ACCOUNT STATEMENTS THAT WOULD HAVE REFLECTED THE QUESTIONABLE TRANSACTIONS AT THE TIME. IF THE CLINTONS ARE NOW IN POSSESSION OF SUCH RECORDS AND WERE NOT AWARE OF MC DOUGAL'S PREVIOUS ACTIVITY, THEY MAY NOW BE AWARE MC DOUGAL WAS ENGAGED IN FINANCIAL TRANSACTIONS UTILIZING THE WWD ACCOUNT.

THE NEWSPAPER ARTICLES ALSO MADE A POINT OF A LETTER WRITTEN BY THE ROSE LAW FIRM IN LITTLE ROCK (HILLARY CLINTON IS A PARTNER) TO THE ARKANSAS STATE SECURITIES COMMISSION

*PAGE 10 LR (29-0) UNCLAS

(ASSC), WHICH IS THE STATE ENTITY RESPONSIBLE FOR OVERSEEING FINANCIAL INSTITUTIONS. THE ARTICLE ALLEGED THE LETTER, WHICH MAY HAVE BEEN SIGNED BY HILLARY CLINTON, URGED THE COMMISSIONER OF ASSC TO NOT PURSUE AN EXAMINATION OF MGSL. THE ARTICLE IS NOT CONTAINED IN A LITTLE ROCK FILE.

ON SEPTEMBER 23, 1992, SAC, LITTLE ROCK, AND SUPERVISORY STAFF MET WITH USA TO DISCUSS THIS MATTER. IT WAS THE OPINION OF USA, EDAR, THE INFORMATION CONCERNING THE CHECK KITE WAS OF POSSIBLE INTEREST, WITH ANSPAUGH AS A POSSIBLE TARGET. IT WAS ALSO THE OPINION OF USA THE ALLEGED INVOLVEMENT OF THE CLINTONS IN WRONGDOING WAS IMPLAUSIBLE, AND HE WAS NOT INCLINED TO AUTHORIZE AN INVESTIGATION OR RENDER A POSITIVE PROSECUTION OPINION. IT WAS ALSO NOTED A COMPLETE AND FACTUAL DETERMINATION OF WHAT TRANSPIRED IN ANY FACET OF THE REFERRAL WOULD TAKE SOME TIME. USA, EDAR, OPINED THE CORRECT COURSE OF ACTION WAS FOR HIM TO HAVE LEGAL RESEARCH CONDUCTED ON THE STATUTE OF LIMITATIONS ON THE VARIOUS APPLICABLE BANK FRAUD STATUTES AND TO COMPLETE AN IN-DEPTH ANALYSIS OF THE VOLUMINOUS EXHIBITS ANCILLARY TO THE REFERRAL. ALTHOUGH HE

*PAGE 11 LR (29-0) UNCLAS

STATED AN INTENTION TO PROVIDE LITTLE ROCK WITH COPIES OF THE EXHIBITS, NONE HAVE BEEN RECEIVED AS OF INSTANT DATE.

ACCORDINGLY, LITTLE ROCK HAS TAKEN NO INVESTIGATIVE ACTION ON THIS MATTER PENDING A PROSECUTIVE OPINION FROM USA, EDAR. ON OCTOBER 7, 1992, THE FIRST ASSISTANT UNITED STATES ATTORNEY ADVISED THE LITTLE ROCK SQUAD SUPERVISOR THE USA INTENDED TO ADVISE THE DEPARTMENT OF JUSTICE OF THIS MATTER DUE TO ITS SENSITIVE NATURE.

BT

TELETYPE

FM DIRECTOR FBI
TO FBI LITTLE ROCK (PRIORITY)

SUBJECT: JAMES B. MCDOUGAL; SUSAN H. MCDOUGAL; LISA ANSPAUGH; UNSUB(S); MADISON GUARANTY SAVINGS AND LOAN, LITTLE ROCK, ARKANSAS; FIF; OO: LITTLE ROCK

RE TELCAL FROM SSA KEVIN B. KENDRICK, FBIHQ, TO SSA STEVE IRONS, LITTLE ROCK, 10/8/92 AND TELETYPE FROM LITTLE ROCK TO THE BUREAU, 10/7/92.

As discussed in retelcall, a FIF investigation is warranted in captioned matter. Therefore, Little Rock should initiate a limited investigation aimed at determining the extent of violations as alleged in the Resolution Trust Corporation (RTC) criminal referral form dated 9/1/92.

Little Rock should obtain and review the documents referenced in the criminal referral. Little Rock should also forward copies of pertinent documents to the White-Collar Crimes Section (WCCS), Financial Institution Fraud Unit (FIFU) as expeditiously as possible. In order to protect the identities of passive investors and/or witnesses, Little Rock should not conduct any overt investigation such as witness interviews or serving of grand jury subpoenas at this time. In addition, the documents should be afforded appropriate security so as to maintain the privacy of the witnesses.

Little Rock is advised to submit results of this limited investigation by COB, 10/16/92, to FBIHQ, WCCS,FIFU, Attention: SSA Kevin B. Kendrick.

NOTE: On 9/1/92, the Little Rock Division received a criminal referral form from the RTC alleging widespread fraudulent check-kiting activity, listing Presidential Candidate Bill Clinton and his wife, Hillary, as potential witnesses. On 10/8/92, Bureau officials met with Assistant AG Robert Mueller and Special Counsel Ira Raphaelson of the DOJ. AAG Mueller advised that DOJ did not have enough information at this time to render any kind of opinion and that FBIHQ should make a determination regarding an investigative course of action. During a subsequent meeting with DAD Verinder and SC Kubic, it was determined that a limited investigation should be conducted into this matter. This teletype is to advise Little Rock of that decision.

0-93 (Rev. 01/23/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

TRANSMIT VIA:
☒ Teletype

PRECEDENCE:
☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

DATE: 10/9/92

^PAGE 1 OF 2

FM DIRECTOR FBI

TO FBI LITTLE ROCK/PRIORITY/(29A-LR-2459)

BT

UNCLAS

CITE: //0624//

SUBJECT: JAMES B. MCDOUGAL; SUSAN H. MCDOUGAL; LISA ANSPAUGH; UNSUB(S); MADISON GUARANTY SAVINGS AND LOAN, LITTLE ROCK, ARKANSAS; FIF; 00: LITTLE ROCK.

RE TELCAL FROM SSA KEVIN B. KENDRICK, FBIHQ, TO SSA STEVE IRONS, LITTLE ROCK, 10/8/92, AND TELETYPE FROM LITTLE ROCK TO THE BUREAU, 10/7/92.

AS DISCUSSED IN RETELCALL, AN FIF INVESTIGATION IS WARRANTED IN CAPTIONED MATTER. THEREFORE, LITTLE ROCK SHOULD INITIATE A LIMITED INVESTIGATION AIMED AT DETERMINING THE EXTENT OF

29A-LR-2459-3

FOR COMM CENTER USE ONLY

NOTE: Copy Designations Are On The Last Page Of This Teletype!!!

Approved By

MRI/JUL 1135/283 ISN 043

Transmitted 2323 OCT 9 1992

FBI-00000523

0-93A (Rev. 01/23/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 2 UNCLAS

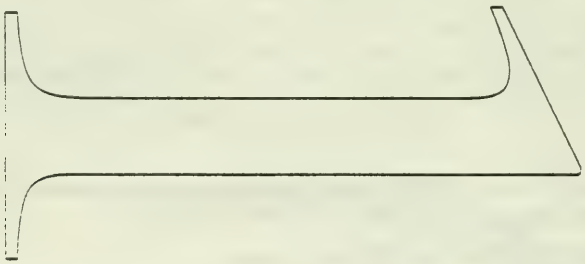
VIOLATIONS AS ALLEGED IN THE RESOLUTION TRUST CORPORATION (RTC) CRIMINAL REFERRAL FORM, DATED 9/1/92.

LITTLE ROCK SHOULD OBTAIN FROM THE UNITED STATES ATTORNEY AND REVIEW THE DOCUMENTS REFERENCED IN THE CRIMINAL REFERRAL. IN ORDER TO PROTECT THE IDENTITIES OF PASSIVE INVESTORS AND/OR WITNESSES, LITTLE ROCK SHOULD NOT CONDUCT ANY OVERT INVESTIGATION SUCH AS WITNESS INTERVIEWS OR SERVING OF GRAND JURY SUBPOENAS AT THIS TIME. IN ADDITION, THE DOCUMENTS SHOULD BE AFFORDED APPROPRIATE SECURITY SO AS TO MAINTAIN THE PRIVACY OF THE WITNESSES.

LITTLE ROCK IS REQUESTED TO SUBMIT RESULTS OF THIS LIMITED INVESTIGATION AND ANTICIPATED INVESTIGATIVE AND PROSECUTIVE PLANS BY COB, 10/16/92, TO FBIHQ, WCCS, FIFU, ATTENTION : SSA KEVIN B. KENDRICK.

BT

////



FD-938 (Rev. 01/23/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 3

ADMINISTRATIVE NOTE/TICKLER COUNT:

ON 9/1/92, THE LITTLE ROCK DIVISION RECEIVED A CRIMINAL REFERRAL FORM FROM THE RTC ALLEGING WIDESPREAD FRAUDULENT CHECK-KITING ACTIVITY, LISTING PRESIDENTIAL CANDIDATE BILL CLINTON AND HIS WIFE, HILLARY, AS POTENTIAL WITNESSES. ON 10/8/92, BUREAU OFFICIALS MET WITH ASSISTANT AG ROBERT MUELLER AND SPECIAL COUNSEL, IRA RAPHAELSON, OF THE DOJ. AAG MUELLER ADVISED THAT DOJ DID NOT HAVE ENOUGH INFORMATION AT THIS TIME TO RENDER ANY KIND OF OPINION AND THAT FBIHQ SHOULD MAKE A DETERMINATION REGARDING AN INVESTIGATIVE COURSE OF ACTION. AAG MUELLER ADDED THAT THIS MATTER SHOULD NOT BE TREATED ANY DIFFERENTLY THAN ANY OTHER SIMILAR FIF INVESTIGATION ADDRESSED BY THE FBI AND DOJ.

Drafted By: KBK:amp Room/TL #: 3A41/231 Phone No: 5454

COPY DESIGNATIONS:

1 - MR. VERINDER

1 - MR. KUBIC

1 - MR. DICK

1 - MR. KENDRICK

FBI-00000525

U.S. Department of Justice

United States Attorney

Eastern District of Arkansas

Post Office Box 1229

Little Rock, Arkansas 72203

October 16, 1992
(Dictated 10-14-92)

Mr. Don Pettus
Special Agent in Charge
Federal Bureau of Investigation
#2 Financial Center, Suite 200
Little Rock, AR 72211

Re: RTC Referral No. C0004

Dear Mr. Pettus:

This is a followup to my previous meeting with you and my second review of the above referenced referral with supporting documents.

At the time we met, I explained to you my serious reservations about future prosecutions of the individuals involved in the referral. My evaluation of the referral indicates that there is not a prosecutable case capable of being proved beyond a reasonable doubt against any of the witnesses. While participation of some or all of these witnesses certainly suggests poor judgment, possible conflicts of interest or ethical infractions, proving specific intent or knowing criminal conduct would be a prosecutorial burden that could not be carried beyond a reasonable doubt.

The only allegations having any credibility worthy of possible deliberation for investigation exists against Mr. and Mrs. McDougal and Lisa Anspaugh. Even these allegations, combined with Mr. McDougal's previous acquittal, his present mental state along with no prospect of recovering lost monies from the institution have serious negative attributes for a successful prosecution of these insiders.

I am now advised that you have been ordered to do an immediate review to determine if an investigation is warranted. As part of same, you are required to send a prospective proposal for such investigation by Friday, October 16, 1992. Such an order does not apply to this office.

However, I do believe it might be helpful to reiterate what I have told you previously. Neither I personally nor this office will participate in any phase of such an investigation regarding the above referral prior to November 3, 1992. You may communicate this orally to officials of the FBI or you should feel free to make this part of your report.

Mr. Don Pettus
Page 2

While I do not intend to denigrate the work of RTC, I must opine that after such a lapse of time the insistance for urgency in this case appears to suggest an intentional or unintentional attempt to interpose into the political process of the upcoming presidential election. You and I know in investigations of this type, the first steps, such as issuance of grand jury subpoena for records, will lead to media and public inquiries of matters that are subject to absolute privacy. Even media questions about such an investigation in today's modern political climate all too often publicly purports to "legitimize what can't be proven."

For me personally to participate in an investigation that I know will or could easily lead to the above scenario and to the possible denial of rights due to the targets, subjects, witnesses or defendants is inappropriate. I believe it amounts to prosecutorial misconduct and violates the most basic fundamental rule of Department of Justice policy. I cannot be a party to such actions and believe that such would be detrimental to the Department of Justice, FBI, this office and to the President of the United States.

In due time, I will be happy to meet with you to discuss a limited examination and possibility of proving some of the allegations regarding Mr. and Mrs. McDougal and Ms. Anspaugh. In the event I conclude that their case should be declined, which at this point is a distinct possibility, the DOJ can certainly override that decision and commit Department of Justice personnel and resources to both the investigation and prosecution of the case.

For your information, in the event I receive any press inquiry from any source whatsoever I am going to refer them to the supervisory officials in the Department of Justice and/or Resolution Trust Corporation.

Thank you.

Best Regards,

CHARLES A. BANKS
United States Attorney

CAB:bw

cc:

Floyd Mac Dodson
Executive Assistant U.S. Attorney

PAGE TWO DE FBILR 0001 UNCLAS

ATTORNEY (USA), EASTERN DISTRICT OF ARKANSAS (EDA) AND WHITE-COLLAR CRIME SUPERVISOR AND FINANCIAL ANALYST, FBI, LITTLE ROCK, CONDUCTED AN EXTENSIVE REVIEW OF THE REFERRAL AND ALL OF THE APPROXIMATELY 300 EXHIBITS FURNISHED TO USA BY RESOLUTION TRUST CORPORATION (RTC). USA CONCURS THERE IS ABSOLUTELY NO FACTUAL BASIS TO SUGGEST CRIMINAL ACTIVITY ON THE PART OF ANY OF THE INDIVIDUALS LISTED AS WITNESSES IN THE REFERRAL. USA FEELS THE LIMITED DATA FURNISHED MAY INDICATE CRIMINAL ACTIVITY ON THE PART OF CAPTIONED SUBJECTS, JAMES AND SUSAN MC DOUGAL, AND LISA ANSPAUGH. HOWEVER, USA IS HOLDING PROVISION OF A PROSECUTIVE OPINION REGARDING THOSE SUBJECTS IN ABEYANCE.

AS DISCUSSED IN PREVIOUS COMMUNICATIONS, JAMES MC DOUGAL WAS PREVIOUSLY INDICTED FOR FRAUD RELATED TO THE FAILURE OF MADISON GUARANTY SAVINGS AND LOAN AND ACQUITTED BY JURY. HE CURRENTLY HAS NO ASSETS TO PURSUE, IS DRAWING DISABILITY INCOME AND IS BELIEVED TO RESIDE IN A TRAILER OWNED BY A FRIEND. WHILE THE AVAILABLE FACTS INDICATE ELEMENTS OF ONE OR MORE FEDERAL VIOLATIONS MAY EXIST, USA IS CONSIDERING THE LIKELIHOOD OF PROVING SUCH VIOLATIONS AND THE MANPOWER OPPORTUNITY COST TO OTHER PRIORITY INVESTIGATIONS OF PURSUING

U.S. Department of Justice

Executive Office for United States Attorneys
Office of the Director

Main Justice Building, Room 1619
10th & Pennsylvania Avenue, N.W.
Washington, D.C. 20530

(202) 514-2121

FEB 9 1993

MEMORANDUM FOR: Stuart M. Gerson
Acting Attorney General

THRU: Douglas N. Frazier
Principal Associate Deputy Attorney General

FROM: Anthony C. Moscato
Director

SUBJECT: Recusal by the United States Attorney's office for the Eastern District of Arkansas on a Resolution Trust Corporation Referral

The attached letter from United States Attorney Charles A. Banks, Eastern District of Arkansas, asserts his office has a conflict of interest in pursuing a possible prosecution of a Mr. and Mrs. McDougal and a Ms. Anspaugh for alleged check fraud, check kiting, misuse of position, bank fraud, forgery and conspiracy. Mr. Banks requests that the Department of Justice determine the prosecutive merit of this matter. The United States Attorney's office has previously prosecuted Mr. McDougal and two other individuals in late 1988 on similar charges and they were found not guilty. The Resolution Trust Corporation (RTC) has forwarded new and additional information to the United States Attorney's office on September 2, 1992, for consideration. As stated above, the second referral involves the same patterns of activity for which these individuals have been found not guilty, but present different transactions.

Mr. Banks believes his office should not be involved in the prosecutorial determination because it may give rise to the appearance of inappropriate prosecutorial motivation by his office. The matter may involve President and Mrs. Clinton as witnesses. Mr. Banks states in his letter to this office that the RTC's second referral of September 2, 1992, merits a "limited preliminary investigation" of the allegations contained therein.

On October 16, 1992, Mr. Banks informed the RTC by letter (attached) that his office would not participate in an investigation into this matter prior to November 3, 1992. He

stated further "[] that after such a lapse of time the insistence for urgency in this case [by the RTC] appears to suggest an intentional or unintentional attempt to intervene into the political process of the upcoming presidential election."

It is our understanding that subsequent to Mr. Banks' October 1992 response, the RTC contacted the United States Attorney's office regarding a Freedom of Information Act request it received from the media regarding this matter. The RTC inquired how release of any information may affect the investigation. Mr. Banks related to the RTC that there was no ongoing investigation into this matter and advised the RTC to follow "the appropriate FOIA law in responding to the request" (see letter to this office). Mr. Banks has resigned as United States Attorney effective March 1, 1993.

Also attached are copies of Urgent Reports prepared by this office dated October 7 and 20, 1992, notifying the Department that the RTC referred this matter to the United States Attorney's office. The RTC referral itself is also included.

MATTER SHOULD REMAIN IN USAO: _____

MATTER AND FILES SHOULD BE REFERRED TO: _____

_____

OTHER: _____

_____

_____

_____ _____

Stuart M. Gerson Date
Acting ~~Attorney General~~

Attachments

ACM:DCW:HXM:sj:2/5/93
Robert/Misc/BANKS.MEM

U.S. Department of Justice

Office of the Deputy Attorney General

Washington, D.C. 20530

February 18, 1993

MEMORANDUM TO: John C. Keeney
Acting Assistant Attorney General

FROM: Douglas N. Frazier
Associate Deputy Attorney General

RE: Recusal by the U.S. Attorney's Office for the Eastern District of Arkansas on a Resolution Trust Corporation Referral

The attached recusal package is forwarded for your review and recommendation. Thanks.

Attachment

GAC 000393

RPTS WHALEN

DCMN MAYER

COMMITTEE ON BANKING AND FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

In the matter of:	
MADISON GUARANTY SAVINGS & LOAN	DEPOSITION OF GERALD McDOWELL

Friday, September 15, 1995

Washington, D.C.

The deposition in the above matter was held in Room 714, O'Neill House Office Building, commencing at 10:31 a.m.

Q Did that occur to you in February of 1993?

A I don't know whether it occurred to me or not. I have -- I don't remember -- I haven't dwelled on it since I read it, but you can tell from looking at it that he didn't.

Q Is this a matter that you considered to be of some importance at that time?

A Yes.

Q Is it a matter that deserves some care and deliberation?

A Yes, I think it does.

Q Would you have expected that Mr. MacDougall's treatment of the controlling law in this situation would be thorough?

A Yes. That's what he did for a living, and I would have expected that he would have provided me with accurate legal advice.

Q Okay. Do you know of any reason why Mr. MacDougall would have been less than thorough in his presentation of the facts and the law?

A No.

Q Documents that we've received from the Department indicate that Mr. MacDougall received this task no earlier than Monday, March 22nd, and as you can see --

Mr. Fishman. I think you misspoke. I think you said earlier than Monday, March 22nd.

Mr. Clark. Thank you.

BY MR. CLARK:

Q No earlier than Monday, February 22nd, and his memo, as you can tell, is dated February 23rd.

Are you aware of any reason why Mr. MacDougall would have -- withdrawn.

Were you aware of any deadline that was given to Mr. MacDougall in preparing this?

A No. If he did it in a day, there probably was a deadline. That would be the only reason to do it that quickly, but I don't recall one. Normally when you get something over, you're supposed to respond in a reasonably smartly -- you know, reasonable period of time, but I don't recall any particular deadline or why he only had a day to do it.

Q Eventually, this memorandum from Mark MacDougall made its way to Mr. Keeney. After Mr. Keeney received it, did you have the opportunity to speak to Mr. Keeney about it?

Mr. Fishman. I have to --

Mr. Clark. Excuse me.

Mr. Fishman. The only reason I object is, I'm not sure this is entirely consistent with Mr. Keeney's testimony about having made its way to Mr. Keeney at some point. I think there's --

Mr. Clark. Withdrawn.

Washington, D.C. 20530

MEMORANDUM

TO: GERALD E. MCDOWELL
CHIEF
FRAUD SECTION

FROM: MARK J. MACDOUGALL
TRIAL ATTORNEY

RE: RESOLUTION TRUST CORPORATION CRIMINAL REFERRAL NO. C0004, DATED AUGUST 31, 1992, NAMING JAMES B. MCDOUGAL, SUSAN H. MCDOUGAL AND LISA ANSPAUGH

DATE: FEBRUARY 23, 1993

This memorandum responds to your request that a review of the captioned criminal referral be undertaken and a preliminary recommendation made regarding further investigation and prosecution. The referral names JAMES B. MCDOUGAL (an officer, director and shareholder of the former Madison Guaranty Savings & Loan of Little Rock, Arkansas), SUSAN H. MCDOUGAL (a director and shareholder of Madison Guaranty and the wife of James B. McDougal) and LISA ANSPAUGH (a business associate of the McDougals) as persons suspected of criminal violations. Ref. at 2,3 and 4. The author of the criminal referral, Laura Jean Lewis (Criminal Investigator), also identifies Governor (now President) BILL CLINTON, HILLARY RODHAM CLINTON and Arkansas Lieutenant Governor (now Governor) JIM GUY TUCKER as witnesses. Ref. at 18. Further, the author of the referral makes allegations concerning former Senator J. WILLIAM FULBRIGHT but does not name Fulbright among the persons suspected of criminal violations. Ref. at 7-8, 12 and 14.

A. SCOPE OF REVIEW

In preparing this memorandum, the following documents were reviewed: (1) RTC Criminal Referral No. C0004, dated August 31, 1992, (2) Letter dated September 1, 1992 from L. Richard Iorio, RTC Field Investigations Officer, to Charles A. Banks, United States Attorney for the Eastern District of Arkansas, (3) Letter dated October 16, 1992 from Charles A. Banks to Don Pettus, Special Agent in Charge, Federal Bureau of Investigation/Little Rock Field

Office, and (4) Letter dated January 27, 1993 from Charles A. Banks to Donna Henneman, Office of Legal Counsel/Department of Justice. None of the transactional documents described in the referral were provided or reviewed. Accordingly, all references in this memorandum to factual allegations or claims are based solely on statements included in the referral.

B. CRIMINAL VIOLATIONS ALLEGED

The author of the referral cites conspiracy (18 U.S.C. § 371), misapplication (18 U.S.C. § 657) and bank fraud (18 U.S.C. § 1344), as suspected violations. Ref. at 1.

C. SUMMARY OF FACTUAL ALLEGATIONS

According to the referral, James and Susan McDougal were shareholders and directors of Madison Guaranty Savings and Loan of Little Rock, Arkansas. James McDougal is also identified as an officer of the institution. The extent of the McDougals' equity interest in Madison Guaranty and the office or offices held by James McDougal are not specified in the referral. Lisa Anspaugh is identified as a business partner of Susan McDougal who assisted Ms. McDougal in bookkeeping for various business entities. While no specific information is provided, the facts alleged in the referral suggest that the McDougals were also active in real estate development at the time of their association with Madison Guaranty.

The referral is focused on the activity in the demand deposit accounts maintained at Madison Guaranty by the McDougals and a group of business entities allegedly under their control during the period February 1984 through July 1987. The author of the referral alleges that various transfers of funds among these accounts, often involving the creation or funding of overdrafts, constituted criminal activity. The author specifically cites "unauthorized loans, check kiting, possible forgery (or at the very least, extensive use of unauthorized signatures), potential misappropriation of funds, possible illicit campaign contributions, diversion of loan proceeds, and potential bank fraud". Ref. at 5.

In support of these allegations, the author of the referral describes some 76 banking transactions, nearly all involving the making, presentment or payment of checks by one of the McDougals or by business entities associated with the McDougals. Ref. at 6 - 17. Based solely on this information, it would appear that the McDougals regularly issued checks on Madison Guaranty accounts with insufficient funds. Once payment was made on these checks, the resulting overdraft would often be funded by a check drawn on another McDougal account at Madison Guaranty, which frequently

created yet another overdraft in the second account. Notations on some of the checks suggest that they reflected loans from one entity under the control of the McDougals to another or to one of the McDougals individually.

The referral further suggests that many of the checks bearing the signature of one of the McDougals were, in fact, signed by the other McDougal or by Lisa Anspaugh. The referral cites no evidence, however, that any instruments were executed in the name of an authorized signer without permission. The referral further notes a check in the amount of $3,000, drawn on a personal account of Mr. and Mrs. McDougal and dated April 4, 1985, which was made to the order of the "Bill Clinton Campaign Fund". This account allegedly carried an overdrawn balance at the time the check was written which continued for approximately 30 days. Ref. at 11. On the same date a second check in the amount of $3,000, payable to Madison Guaranty, was drawn against one of the McDougals' business accounts. Ref. at 6. Other than the alleged overdrafts, the significance of these checks to any theory of criminal activity is not clear. In addition, in several instances, the author of the referral alleges that $15.00 overdraft fees were charged by Madison Guaranty to McDougal accounts but were subsequently cancelled.

The author of the referral also alleges that, "the McDougal's [sic] clearly diverted funds from their [Madison Guaranty] home purchase and improvement loan of $351,502, funded in 2/85, for other purposes". Ref. at 7. The referral specifically alleges that more than $100,000 was "diverted" to the repayment of other loans then due from the McDougals to Madison Guaranty. Ref. at 7 and 10. No evidence is offered, however, that any false statement or entry was made by either of the McDougals or Ms. Anspaugh in connection with the home loan or that the improvements to be done on the home were not completed.

D. ALLEGATIONS RELATING TO CLINTONS AND FULBRIGHT

The author of the referral lists President Clinton and Hillary Rodham Clinton as the first two of six "...witnesses who might have information of the suspected violation". Ref. at 18. No factual claims can be found in the referral to support the designation of Mr. or Mrs. Clinton as witnesses.

Other than the campaign contributions, cited above, the referral simply identifies the Clintons as among, "[t]hose who allegedly stood to gain the most from these numerous and questionable inter-account transactions". Ref. at 5 and 17. This claim is based upon the implication by the author of the referral that the Clintons may have invested in one or more real estate ventures undertaken by the McDougals. Ref. at 5. Citing newspaper

references, the author also speculates concerning a $25,000 check issued by one of the McDougal entities in March 1985, stating that "...this could have been the time frame in which Whitewater (the McDougal business entity) was conducting transactions regarding the house that was allegedly purchased and subsequently sold by Ms. Clinton". Ref. at 13. No other information regarding this speculation is contained in the referral.

Similarly, several references are found in the referral to former Senator J. William Fulbright as a principal of a corporation named "Earth Movers, Inc." Ref. at 7-8, 12 and 14. The referral describes two checks drawn against McDougal accounts in April and May, 1985, totalling $50,000, which were made or endorsed to the order of Earth Movers, Inc. One of these checks, in the amount of $30,000, was issued by one of the McDougal entities to James McDougal, endorsed by McDougal to Earth Movers, then used by Earth Movers to purchase a Madison Guaranty cashier's check. The referral states that the $30,000 cashier's check had not been located. Other than creating or increasing overdrafts in the subject accounts, facts suggesting the significance of these checks or the implied involvement of Fulbright in the McDougals' financial affairs are not provided in the overdraft.

B. ANALYSIS

The referral provides substantial factual support for the assertion that Mr. and Mrs. McDougal's conduct may have constituted a breach of fiduciary duty, abuse of position, and self-dealing. The referral does not provide, however, factual allegations sufficient to establish the elements of any of the criminal statutes used in the prosecution of bank fraud cases (18 U.S.C. §§ 215, 656, 657, 1005, 1006, 1014, 1344 or 1956).

The author of the referral, for example, repeatedly alleges "check kiting" on the part of the McDougals. Check kiting involves the use of accounts at two or more financial institutions to obtain interest-free loans by taking advantage of the time required to complete the check-clearing process. The conduct described in the referral, however, is almost fully limited to the issuance and deposit of checks, drawn on accounts with insufficient funds, within Madison Guaranty. While the issuance of such "bad checks" may constitute a violation of state law, it is generally outside the scope of Federal prosecution.

Moreover, the referral does not include allegations of conduct suggesting a level of criminal intent necessary to satisfy that element of any of the principal Federal bank fraud statutes. Misapplication of funds, (18 U.S.C. §§ 656 or 657), limited to bank insiders, requires that the act be done "willfully", defined as

voluntarily and purposely, with the specific intent to disobey or disregard the law. Fifth Circuit Pattern Jury Instructions at 51. The general bank fraud statute (18 U.S.C. § 1344) requires that a scheme or artifice be executed in an effort to defraud the institution "knowingly", defined as voluntarily or intentionally, not because of mistake or accident. Fifth Circuit Pattern Jury Instructions at 49. The false entry statutes (18 U.S.C. §§ 1005 and 1006), also limited in scope to bank insiders, require that the false entry be made "with intent to defraud" the financial institution, defined as the intent to cheat or deceive the bank. Fifth Circuit Pattern Jury Instructions at 130.

The absence of facts establishing criminal intent on the part of the McDougals argues persuasively against the initiation of a criminal investigation. Further, the referral does not claim that any specific loss to the institution resulted from the McDougal's checking account activity. Ref. at 19. The payment of checks drawn against deficient balances and the waiver of overdraft fees are common, if improper, accommodations regularly extended by banks to substantial customers. The referral does not allege that this account activity was not correctly reflected on the books and records of Madison Guaranty or in reported to Federal regulatory agencies.

It should also be noted that James B. McDougal was apparently indicted, tried and acquitted in 1988 or 1989 in connection with his involvement with Madison Guaranty. Ref. at 2; Letter from Charles A. Banks, United States Attorney, to Don R. Petrus, Special Agent in Charge, dated October 16, 1992. No details relating to the previous prosecution of McDougal have been provided.

Finally, no facts can be identified to support the designation of President Bill Clinton, Hillary Rodham Clinton or Governor Jim Guy Tucker as material witnesses to the allegations made in the criminal referral.

F. RECOMMENDATION

Based solely upon available information, and in light of applicable law and current Fraud Section standards for prosecution, the conduct of James B. McDougal, Susan H. McDougal and Lisa Anspaugh as described in the criminal referral does not appear to warrant the initiation of a criminal investigation.

U.S. Department of Justice

Criminal Division

Typed 3/2/93

Assistant Attorney General

Washington, D.C. 20530

MAR 19 1993

MEMORANDUM

TO: Douglas N. Frazier
Associate Deputy Attorney General

FROM: John C. Keeney /s/ SLK by LAU
Acting Assistant Attorney General

SUBJECT: Recusal by the U.S. Attorney's Office for the Eastern District of Arkansas on a Resolution Trust Corporation Referral.

The attached recusal package was forwarded for review from your office on February 18, 1993. We have reviewed the material in the package and have concluded that there is no identifiable basis for recusal by the United States Attorney. Further, we would not question a decision by the United States Attorney to decline further substantive action on the referral. A copy of the Fraud Section's memorandum summarizing our review is attached for your use and, should you decide it is appropriate, for forwarding to the United States Attorney's Office in Little Rock.

Attachments

Records
Section Chron.
Exec. Sec'y
Keeney
Ungerson
McDowell
Carver
Branch

RTC
RESOLUTION TRUST CORPORATION
Reviving The Crisis
Restoring The Confidence

May 4, 1993

The Honorable Richard M. Pence
United States Attorney
Eastern District of Arkansas
U.S. Post Office and Courts Building
600 W. Capitol, Room 331
P.O. Box 1229
Little Rock, Arkansas 72203

Re: #7236 Madison Guaranty Savings & Loan
Little Rock, Arkansas - In Receivership (11/29/90)
CRIMINAL REFERRAL NUMBER C0004

Dear Mr. Pence:

On September 1, 1992, the above captioned criminal referral was submitted to your office by the Resolution Trust Corporation's ("RTC") Kansas City Office of Investigations. On December 15, 1992, RTC Kansas City Investigations received a letter from FBI Special Agent in Charge ("SAC"), Don K. Perrus, acknowledging receipt of the referral and directing any further inquiries to Assistant United States Attorney Floyd Mac Dodson. However, it is my understanding that Mr. Dodson has recently left the U. S. Attorney's office, and this letter is therefore being directed to you.

Prior referrals submitted simultaneously to both the U.S. Attorney's Office and the FBI have generated responses advising this office of either declination of prosecution, or that a case has been opened on the basis of the referral. To date, the RTC Kansas City Office of Investigations has received no further correspondence regarding the aforementioned referral. In order to update RTC Investigations files, a written response as to the current status of this referral would be appreciated.

Should you have any questions, or require additional information, please do not hesitate to contact either myself at (816) 968-7237, Supervisory Investigator Lee Ausen at (816) 968-7243, or Field Investigations Officer L. Richard Iorio at (816) 968-7212.

Very truly yours,

L. Jean Lewis
Criminal Investigator

May 10, 1993

Ms. L. Jean Lewis
Criminal Investigator
Resolution Trust Corporation
4900 Main Street, Suite 200
Kansas City, MO 64112

Dear Ms. Lewis:

Reference is made to your letter of May 4, 1993. Former U.S. Attorney Charles A. Banks determined that this office has a conflict of interest with conducting an investigation or prosecuting any criminal charges concerning this matter.

The previous prosecution by this office of James McDougal, former president of the institution, and two other persons resulted in not guilty verdicts. Allegations suggesting a politically motivated prosecution were made during and after the trial.

Considerable media attention was given to such allegations.

These allegations were entirely groundless. However, Mr. Banks felt that a second investigation/prosecution could give the appearance of inappropriate motivation. Consequently, this matter was referred to the Office of Legal Counsel, Executive Office for U.S. Attorneys, U.S. Justice Department, Washington, D.C. 20530.

I have not heard from that office, and I do not know the status of the RTC referral. Please contact the Office of Legal Counsel, telephone number 202-514-2041, for information regarding the current status of this matter.

Yours truly,

RICHARD M. PENCE, JR.
United States Attorney

RP/lc

7c. Indicate whether the suspected violation appears to be an isolated incident or whether it related to other transactions. (Explain)

No; this violation is not isolated, but is one of many like instances which may have contributed to the failure of the institution.

8. EXCLUSION OF INFORMATION FROM THE REFERRAL:
Has any pertinent information been excluded from this referral as a result of any legal or other restraint?
_____ Yes __X__ No If so, why?

Have the excluded information or documents been segregated for later retrieval?
_____ Yes _____ No

9. HAS SUSPECTED INDIVIDUAL(S) MADE ANY ADMISSIONS?

_____ Yes __X__ No If so, who?

10. WITNESSES:
List any witnesses who might have information about the suspected violation and describe their position or employment. Indicate if they have been interviewed. (Use continuation sheet, if necessary.)

	NAME	POSITION	ADDRESS (CITY/STATE/ZIP)	TELEPHONE NUMBER	INTERVIEWED	
					YES	NO
1.	Greg Young	Former MGS&L Chief Financial Officer	Little Rock, Arkansas	Unknown		X
2.	Bill Clinton	Whitewater Devel. Principal	Washington, D.C.	Unknown		X
3.	Hillary Rodham Clinton	Whitewater Devel. Principal	Washington, D.C.	Unknown		X
4.						
5.						
6.						

11. DISCOVERY AND REPORTING:

a. Who discovered the suspected violation and when?

Investigator; in May 1992

b. Has the suspected violation been reported to the Board of Directors?
_____ Yes _____ No Not Applicable

By whom and when? Not Applicable

c. Has the Board of Directors taken action?
_____ Yes _____ No Not Applicable

If so, what and when? Not Applicable

d. Has the suspected violation previously been reported to federal or local law enforcement or to any federal or state supervisory agency?
_____ Yes __X__ No

If Yes, Agency:
Agent:
Address: (City/State)
Telephone Number:

- a review of the Madison Marketing DDA statements, held by Central Bank & Trust, to determine the status of that account on the date that the $3,000 check to Susan McDougal was written, as well as final determination on the disposition of the funds

- a review of the American Savings & Loan, Yellville, Arkansas, records relating to Chris Wade's checking account, to determine the final disposition of the $3,000 check written to him by White Water Development Corp.

- further investigation into the alleged diversion of the Peacock down payment by Jim McDougal for use in the Castle Grande transaction

- a review of the source of deposits and account activity in the Bill Clinton Political Committee Account records at the Bank of Cherry Valley.

- further investigation into the possible conflict of interest regarding Hillary Clinton representing her business partner's thrift before another state agency, whose department supervisor was a political appointee, designated by her husband.

7c. Indicate whether the suspected violation appears to be an isolated incident or whether it relates to other transactions. (Explain)

This transaction, rather than being an isolated incident, was reflective of the practices engaged in by McDougal, his business associates, and other MGS&L insiders ultimately resulting in the insolvency and failure of the institution.

8. EXCLUSION OF INFORMATION FROM THE REFERRAL:

Has any pertinent information been excluded from this referral as a result of any legal or other restraint?
_____ Yes ___X___ No If so, why?

Have the excluded information or documents been segregated for later retrieval?
_____ Yes ___X___ No

9. HAS SUSPECTED INDIVIDUAL(S) MADE ANY ADMISSIONS?

_____ Yes ___X___ No If so, who?

10. WITNESSES:
List any witnesses who might have information about the suspected violation and describe their position or employment. Indicate if they have been interviewed. (Use continuation sheet, if necessary.)

	NAME	POSITION	ADDRESS (CITY/STATE/ZIP)	TELEPHONE NUMBER	INTERVIEWED	
					YES	NO
1.	Kim Peacock	Business partner and son of Charles Peacock III	Bald Knob, Arkansas	Unknown		X
2.	E. Dene Landrum	Business partner of Charles Peacock III/Quality Hydraulics	Bald Knob, Arkansas	Unknown		X
3.	J. W. Fulbright	McDougal business associate and thrift borrower	Little Rock, Arkansas	Unknown		X
4.	Patricia Heritage	Former executive assistant to thrift EVP John Latham	The Rose Law Firm Little Rock, Arkansas	Unknown		X
5.	Beverly Bassett Schaffer	Former Arkansas State Securities Dept S&L Supervisor	Little Rock, Arkansas	Unknown		X
6.	Hillary Rodham Clinton	Former Counsel to MGS&L	Little Rock, Arkansas and/or Washington, D.C.	Unknown		X

7a. EXPLANATION/DESCRIPTION OF SUSPECTED VIOLATION. Provide a brief narrative description of the activity giving rise to the referral, explaining what is unusual or irregular about the transaction. Details will be provided later in the form. The purpose of this paragraph is to provide a summary description of the overall transaction. (List applicable account numbers.)

James B. McDougal created an overdraft situation to pay $30,000 to J.W. Fulbright from a White Water Development Corporation ("White Water") checking account at Madison Guaranty Savings & Loan ("MGS&L"). White Water is a partnership consisting of James B. and Susan McDougal, and Bill and Hillary Rodham Clinton. Using the White Water check, McDougal purchased a cashiers check payable to J. W. Fulbright; the Fulbright signature in the endorsement appears to be Jim McDougal's handwriting. McDougal then reimbursed himself through an alleged authorized bonus payment from Madison Financial Corporation ("MFC") which was paid directly into White Water's account at MGS&L per McDougal's instructions.

An additional $20,000 payment was made to J. W. Fulbright from Jim & Susan McDougal's personal account. This check was written when the personal account was already overdrawn and subsequently overdrew it further. Here again, McDougal purchased a cashiers check payable to Fulbright with the check drawn on the personal account. McDougal reimbursed himself through a cashiers check drawn from MGS&L's loan department cashiers check account and deposited to his personal account to cover the overdraft.

All of this activity occurred within a 30 to 35 day time period.

Previous investigation indicated that the MFC board of director's meeting minutes, admittedly invented during the 1986 FHLB examination, were contrived to fit the transactions which had already occurred. This referral alleges that the board resolution authorizing the payment of the bonus to McDougal was an attempt to hide the embezzlement of the $30,000 by McDougal used to cover the $29,744.87 overdraft by White Water. The $20,000 cashiers check appears to be an unsecured loan from MGS&L to McDougal. There is no record of a $20,000 loan to McDougal in the trial balance, nor was one approved by the board of directors as evidenced by the minutes. McDougal caused the $20,000 to be paid to himself to cover an overdraft balance of $<17,682.80> on his personal account. These two transactions generated a $50,000 loss to Madison Guaranty.

7b. GIVE A CHRONOLOGICAL AND COMPLETE ACCOUNT OF THE SUSPECTED VIOLATION: (Use continuation sheet, if necessary.)

- Relate key events to documents and attach copies of those documents
- Explain who benefitted, financially or otherwise, from the transaction, how much, and how.
- Furnish any explanation of the transaction provided by the suspect and indicate to whom and when it was given.
- Furnish any explanation of the transaction provided by any other person.
- Furnish any evidence of coverup by the suspect, or evidence of an attempt to deceive federal or state examiners or others.
- Indicate where the suspected violation took place (e.g., main office, branch, other).
- Recommend any further investigation that might assist law enforcement in fully examining the potential violation.

On 4/19/85 check #138 for $30,000 was issued to James B. McDougal from White Water Development account #2301515 with the notation "loan repayment." When the check was written, the account balance was $270.13; when the check was force paid, it overdrew the account balance to $<29,744.87>.

McDougal endorsed this $30,000 check to Earth Movers, Inc., a company whose principal is former Senator J. W. Fulbright. Earth Movers, Inc., in turn, endorsed the check to MGS&L on April 19, 1985 for the purchase of cashiers check #Q2577 drawn on MGS&L account #7001312 and payable to J.W. Fulbright. The cashiers check was then deposited at Riggs National Bank with Fulbright's endorsement. It should be noted that this endorsement does not appear to be Fulbright's; McDougal has admitted, in an interview with an investigative team

hired by the Board of Directors in 1987, that he had been signing things for Fulbright for 20 years. The handwriting appears to be McDougal's.

According to the MFC board of director meeting minutes dated April 17, 1985, MFC authorized the prepayment of an annual bonus to Jim McDougal in the amount of $30,000. The board resolution stated that "said bonus is to be paid directly to Whitewater Development." On April 30, 1985 MFC made check #1940, drawn on account #70000006, payable to Whitewater (sic) Development. This check was endorsed "For Deposit Only" to the White Water Development account #2301515 by White Water Development (handwriting appears to be Greg Young's, who also wrote and signed the check). This deposit brought the balance of the account from $<29,744.87> to $255.13.

As it has already been established that the MFC board of directors minutes were contrived, the conclusion is that the authorized prepayment of McDougal's annual bonus was simply a method to allow McDougal to embezzle funds through manipulation of the accounts which he controlled. He clearly used the White Water account to pay his unknown obligation to J.W. Fulbright and schemed to deprive Madison Financial Corporation of funds to reimburse the White Water account.

In similar fashion, on May 15, 1985, McDougal issued, from his personal account #424, check #748 for $20,000 to MGS&L for the purchase of cashiers check #Q2704. When the personal check was written the balance of the account was $<5,085.30> and when it cleared, it overdrew the account to $<25,281.65>. The cashiers check payee was J. W. Fulbright and the remitter was indicated to be Earth Movers, Inc. The check was allegedly endorsed by J. W. Fulbright and deposited to Riggs National Bank on May 17, 1985.

On 5-20-85 a $20,000 cashiers check (#LN2644) was deposited to McDougal's personal account which cleared the overdraft and brought the balance to $2,317.80. This cashiers check was drawn on MGS&L's loan department cashiers check account and appears to be an unsecured loan to McDougal. According to the attached board of directors minutes, there is no record of board approval for a $20,000 loan to Jim McDougal.

Here again, it is apparent that McDougal used MGS&L funds (by way of writing a check on insufficient funds) to pay some type of obligation to J. W. Fulbright and then reimbursed himself for the payment with MGS&L funds. It has not been established whether funds came back to McDougal from Fulbright. It appears that McDougal endorsed the items for Fulbright or possibly forged Fulbright's signature, but it is also highly likely that Fulbright allowed McDougal to funnel money through his account, given the nature of their 20 year relationship .

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs (a) through (e) on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) McDougal, James B.

ADDRESS: (Street/City/State/Zip) Current Address Unknown

DATE OF BIRTH: (Month/Day/Year) 8/25/40

SOCIAL SECURITY NO: 431-74-5041

b. Relationship to the financial institution: (Check all applicable blocks)

X	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Accomm Holder	X	Owner/COB

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __X__. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

McDougal resigned from the Board of Directors in December 1985; however he remained active in the Association's day to day business via his involvement in it's wholly owned subsidiary, Madison Financial Corporation. He was removed from any further affiliation with the Association by the Federal Home Loan Bank in July 1986.

d. Prior or related referrals:
__X__ Yes _____ No

If Yes, please identify.

McDougal was indicted, tried and acquitted in 1989 on bank fraud charges stemming from the Castle Grande loan transaction funded by Madison Guaranty Savings & Loan. In addition, RTC Investigations has submitted the following criminal referrals naming McDougal as a suspect:

1) #C0004, submitted 9/1/92, alleging McDougal's involvement in an elaborate check kiting scheme perpetrated through various accounts at MGS&L.
2) #730CR0190 alleging McDougal's involvement in a scheme to divert loan proceeds for the benefit of Jim Guy Tucker.
3) #730CR0192 alleging McDougal's participation with J.W. Fulbright in an alleged scheme to embezzle and/or kite funds through MGS&L accounts.
4) #730CR0195 alleging McDougal's abuse of position and conspiracy to defraud MGS&L of over $8 million in funds channeled into and through it's subsidiary, Madison Financial Corporation

e. Is person affiliated with any other financial institution:
__X__ Yes _____ No

or business enterprise:
__X__ Yes _____ No

C01035

If yes to either or both, please identify.

McDougal was the principal shareholder and Board Member of Madison Bank & Trust, formerly the Bank of Kingston.

HOUSE

McDougal is a principal in the following business enterprises:

PLS0069S

Madison Marketing
McDougal & Associates
Flowerwood Farms, Inc.
Pembrook Manor, Inc.
Great Southern Land Co.
Smith-Tucker-McDougal
Kings River Land Company

Designers Construction
Madison Financial Corporation
White Water Development Corp., Inc.
Rolling Manor, Inc.
Tucker-Smith-McDougal
Smith-McDougal
Lion Oil Company

001038
PLS00705

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs [a] through [e] on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) Peacock, Charles III

ADDRESS: (Street/City/State/Zip) Rt. 2, Box 219
Bald Knob, Arkansas 72010

DATE OF BIRTH: (Month/Day/Year) Unknown

SOCIAL SECURITY NO: 431-68-9294

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Accountholder		Other, specify

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

d. Prior or related referrals:
____ Yes _____ No

If Yes, please identify.

e. Is person affiliated with any other financial institution:
____ Yes _____ No Unknown at this time

or business enterprise:
__X__ Yes _____ No

If yes to either or both, please identify.

Charles Peacock III is a principal in the following business enterprises:

Peacock Financial Corporation Peacock Farms
Peacock Brothers Company K&D Landscaping
Dixie Continental Leasing

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs (a) through (e) on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) Bill Clinton Political Committee Fund Account # 81-313

ADDRESS: (Street/City/State/Zip) Bank of Cherry Valley Cherry Valley, Arkansas

DATE OF BIRTH: (Month/Day/Year) Not Applicable

SOCIAL SECURITY NO: Not Applicable

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker		Shareholder		Appraiser
	Director		Agent		Borrower		Account Holder	X	Recipient of alleged misappropriated funds

c. Is person still affiliated with the financial institution:
____ Yes __X__ No

If No, terminated ____, resigned ____. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

d. Prior or related referrals:
__X__ Yes ____ No

If Yes, please identify.

On September 1, 1992, RTC Investigations submitted criminal referral #C0004 in conjunction with Madison Guaranty Savings & Loan, and an elaborate check kiting scheme involving accounts tied to entities related to McDougal and his business associates.

e. Is person affiliated with any other financial institution;
__x__ Yes ____ No

Bill and Hillary Rodham Clinton were borrowers at Jim McDougal's Madison Bank and Trust of Kingston, Arkansas; the loan was in the name of Hillary Clinton, although Ms. Clinton has previously stated that the funds were used for the benefit of White Water Development, a business partnership between the McDougals and the Clintons. The Clinton's were further affiliated with the Bank of Cherry Valley through real estate loans obtained by their business interest, White Water Development, Inc.

or business enterprise:
__X__ Yes ____ No

If yes to either or both, please identify.

White Water Development, Inc.

001038
HOUSE

PLS0072S

Madison Guaranty Savings & Loan
Criminal Referral #730CR0196
August 18, 1993 Page 6

7a. EXPLANATION/DESCRIPTION OF SUSPECTED VIOLATION. Provide a brief narrative description of the activity giving rise to the referral, explaining what is unusual or irregular about the transaction. Details will be provided later in the form. The purpose of this paragraph is to provide a summary description of the overall transaction. (List applicable account numbers.)

On April 5, 1985, Madison Guaranty Savings & Loan ("MGS&L"), an Arkansas state chartered institution, made two loans totalling $147,000 to Charles Peacock III, at that time a shareholder in, and former director of, MGS&L. The resulting loss sustained by the association exceeded $<340,000>. Loan #2406 for $297,000 to Peacock's company, Dixie Continental Leasing, was allegedly for the purchase of 29.77 acres of land southeast of Little Rock (a portion of the subdivision known as Maple Creek Farms), and loan #2354 for $50,000 to Charles Peacock III, collateralized by commercial air conditioning equipment valued at $273,000, was stipulated for "business" purposes on the loan application. However, documents contained in the association's files establish that the loan proceeds were actually intended to serve as the down payment on the aforementioned 29.77 acres. For the purposes of this referral, the allegations contained herein will involve only loan #2354 for $50,000, although it is strongly recommended that the $297,000 transaction be thoroughly reviewed for potential fraud as well.

When loan #2354 was funded via cashier's check on April 4, 1985, one day before the loan documents were actually signed on April 5, Charles Peacock remitted only $38,940 to the closing agent, Quapaw Title Company, on April 5 for the purposes of property down payment. By Peacock's own admission in an April 1987 deposition (see attached exhibit), these funds were subsequently diverted by Jim McDougal, who "made a down payment on the 145th Street Property" involving "Jim Guy Tucker and several other people that are involved in it...So it was all kind of a tied-together operation." The property identified by Peacock is commonly referred to as Castle Grande, and did in fact involve Jim McDougal, Jim Guy Tucker, Seth Ward, and several other Madison Guaranty Savings & Loan insiders. RTC Investigations strongly recommends that the diversion of these loan proceeds for the down payment on the "145th Street property" be further investigated in conjunction with this referral.

Prior to funding $38,940 of the $50,000 loan proceeds to Quapaw Title Company on April 5, 1985, Peacock allegedly diverted $6,000 from the proceeds to purchase two cashier's checks on April 4, 1985; check numbers Q2497 and Q2498, drawn on MGS&L account #7001312. Each check was in the amount of $3,000, each was purchased in the name of either a Peacock relative or business associate, and each was payable to Bill Clinton, individually rather than the Bill Clinton Political Committee. These two checks were subsequently deposited to the Bill Clinton Political Committee account (#81-313) at the Bank of Cherry Valley, Cherry Valley, Arkansas. Peacock allegedly went so far as to purchase cashier's check #Q2499 in the amount of $4.00 to cover the $2.00 assessment for checks #Q2497 and Q2498. At the time these cashier's checks were issued on MGS&L's account #7001312, it was overdrawn by $<46,881.24>.

On the same day, Flowerwood Farms, Inc., an entity owned and operated by James B. and Susan H. McDougal, issued check #000192 to Madison Guaranty for $3,000; this referral re-incorporates the allegation contained in previously submitted RTC criminal referral #C0004, that these funds were used to procure MGS&L cashier's check #Q2496 for $3,000, purchased in the name of former senator J. W. Fulbright and payable to the Bill Clinton Campaign Fund. According to information obtained from an interview with James B. McDougal, conducted by former Special Investigative Counsel Jeff Gerrish of the Memphis law firm Sorod & Huggins, hired by the MGS&L Board of Directors in late 1986 to investigate the McDougal's activities at the thrift, McDougal admitted that he had been "signing documents" for Senator Fulbright "for twenty years", lending a strong degree of probability that the cashier's check in question was in fact purchased by McDougal, and obtained in conjunction with the two checks from Peacock, as evidenced by the sequential order of the checks (#Q2496, 2497, 2498 and 2499). It should be noted that the signature on the Flowerwood Farms check is allegedly that of Susan McDougal. However, it bears no resemblance to Ms. McDougal's signature as it appears on numerous other MGS&L documents.

In addition, check #688 for $3,000 payable to the Bill Clinton Campaign Fund was issued from James B. McDougal's personal account on April 4, 1985, signed by Susan McDougal, which appears to be her actual signature. As previously referenced in RTC criminal referral #C0004, this check was written on the McDougal's account when the balance was

at a negative $<7,897.73>; the check was force paid, allegedly on McDougal's authority, subsequently overdrawing the account to $<10,897.73>. Both the check from McDougal's personal account and cashier's check #Q2496 were deposited into the same Bill Clinton Political Committee account at the Bank of Cherry Valley.

The $50,000 loan to Charles Peacock III, from which $6,000 in campaign contributions were misappropriated, resulted in a $48,500 loss to the association. The $273,000 worth of commercial air conditioning units collateralizing this loan were appraised at $1,500, and ultimately sold as salvage on February 12, 1990, to Little Rock commercial air conditioning contractor John May, thus reducing the $50,000 debt to $48,500. This appears to be excessive depreciation for such allegedly high dollar commercial equipment, subsequently lending credibility to allegations of false statements on the original value of the collateral, and an implied intent to defraud federal examiners. As noted in the examiner's workpapers contained in the 1986 thrift exam, "these a/c units were purchased by Chas Peacock at an auction of new building equipment around 82/83 for a fraction of their original cost...Mr. Denton (MGS&L loan officer Don Denton), however, is not aware of the condition, location, or fair mkt value of this collateral although he does know that Peacock is currently in possession of SOME (emphasis added by FHLB examiner) of the units...". The examiner's comments go on to note that although a loan loss reserve was probably necessary for this loan, the amount that should have been reserved was inestimable at the time.

Emulating a pattern similar to the April 4, 1985 campaign contributions, comparable transactions totalling an additional $10,500 appear to have occurred in both February and October of 1985. These transactions consisted of funds force paid through overdrawn MGS&L accounts styled Madison Marketing (a McDougal owned entity), and White Water Development Corporation (a partnership consisting of Jim & Susan McDougal, and Bill & Hillary Rodham Clinton). In addition to funds from Jim McDougal's personal account. The subject checks were payable to thrift insiders and/or McDougal relatives for amounts of $3,000 to $4,500. The proceeds from each of these transactions can not be completely traced by RTC investigations due to the involvement of other financial institutions over which the RTC has no jurisdiction. Should these allegations be proven during any ensuing investigation, the potential loss to the association from payment of campaign contributions could exceed $22,000.

The Arkansas State Code is specific with regard to the contribution and acceptance of campaign funds. Title 7 (Elections), Chapter 6, Subchapter 2 (7-6-203) of the Code states under the following paragraphs:

(a) "It shall be unlawful for any candidate for any public office, or any person acting in the candidate's behalf, to accept campaign contributions in excess of one thousand dollars ($1,000) per any election..." (this amount was amended down from $1,500 in 1990.)

(b) "It shall be unlawful for any person to make a contribution to a candidate for public office or to any person acting in the candidate's behalf which, in the aggregate, exceeds one thousand dollars ($1,000) per election..." (again amended down from $1,500 in 1990)

(g) "It shall be unlawful for the Governor, Lieutenant Governor, Secretary of State (etc.)...to accept a contribution during the period beginning thirty (30) days before and ending thirty (30) days after any regular session of the general assembly....During such periods of time it shall be unlawful for any person to promise a contribution to the aforementioned elected officials."

The two $3,000 cashier's checks (#Q2497 and Q2498), plus McDougal's personal check #688 for $3,000, and Flowerwood Farms check # 000192 used to purchase cashier's check #Q2496 for $3,000, totaling $12,000 in campaign contributions allegedly made on April 4, 1985 by McDougal and Peacock, were subsequently deposited to the Bill Clinton Political Committee account (#81-311) at the Bank of Cherry Valley. The Bank of Cherry Valley is located in Cherry Valley, Arkansas, a small community approximately 160 miles northeast of Little Rock. This was not the only account maintained at the Bank of Cherry Valley with which Bill Clinton was associated; White Water Development Corporation had two real estate loans with the bank as well. The source of funds utilized to some of the payments on these loans are discussed in RTC criminal referral #C0004. According to

information obtained from the Arkansas State Banking Commission, the same individuals who owned the Bank of Cherry Valley, Roland Wilshire and Lex Golden, are or were the principals of the one bank holding company (the Madison Corporation) to whom James B. McDougal sold his failing Madison Bank & Trust of Kingston, Arkansas, in early 1987. In addition, Maurice Smith, a principal and/or loan officer of The Bank of Cherry Valley, was allegedly a long time associate of and frequent caller to James B. McDougal, as noted by the MGS&L phone log records.

The Arkansas Code further states under Title 7, Chapter 6, Subchapter 2 (7-6-201) the following "Definitions":

(1) "..."Person" means any individual, proprietorship, firm, partnership, joint venture, syndicate, labor union, business trust, company, corporation, association, committee, or any other organization or group of persons acting in concert..."

(2)(A) "Contribution" means, whether direct or indirect, advances, deposits, or transfers of funds, contracts, or obligations, whether or not legally enforceable, payments, gifts, subscriptions, assessments, payment for services, dues, advancements, forbearance, loans, pledge or promise of money of anything of value, whether or not legally enforceable, to a candidate, committee, or holder of elective office, made for the purpose of influencing the nomination or election of any candidate.

This referral alleges that MGS&L owner and CEO, James B. McDougal, and MGS&L shareholder and former Director, Charles Peacock III, not only violated their fiduciary responsibility to their state chartered, federally insured thrift, but further conspired to misappropriate thrift funds for the purpose of making illegal campaign contributions to the benefit of Arkansas Governor Bill Clinton, subsequently violating the aforementioned state statute. In addition, McDougal further violated this statute with the $3,000 contribution from his personal account, plus the $3,000 in funds from his Flowerwood Farms, Inc. entity, which were allegedly diverted for the purchase of cashier's check # 02496.

During the April 1985 time frame in which these $12,000 in contributions were made, James B. McDougal and Bill Clinton, along with their wives, Susan M. McDougal and Hillary Rodham Clinton, were business partners in White Water Development, Inc., as previously noted. Also during April 1985, Hillary Clinton, a partner in the Rose Law Firm of Little Rock, was acting as counsel to Madison Guaranty Savings in their representations to the Arkansas Securities Department. Ms. Clinton was soliciting approval for the thrift to authorize and issue a class of preferred stock, which would provide badly needed capital for the thrift. This request occurred during a time in which the thrift was significantly below the required FHLB capitalization limits, per the KPMG-Peat audit discussed in RTC criminal referral #73OCR0195. Other documentation and memoranda obtained from the MGS&L files indicate that this was not the only time that McDougal and/or MGS&L EVP John Latham requested Ms. Clinton's specific legal assistance in addressing sensitive thrift issues (see attached exhibits), rather than utilizing John Selig of the Mitchell firm, who served as General Counsel to MGS&L.

The communications requesting approval to issue a preferred class of stock occurred between Hillary Rodham Clinton and Beverly Bassett (Schaffer) (see attached exhibits), a former partner with the Mitchell law firm of Little Rock, whom had been appointed to her state post as the Savings & Loan Supervisor by then Governor Bill Clinton. Ms. Bassett had previous knowledge of Madison Guaranty Savings & Loan from her tenure with the Mitchell firm. MGS&L records contained a 3/14/84 memo (see attached exhibit P-1) from Ms. Bassett to her law partner, Jim Guy Tucker, regarding Jim McDougal and Chris Wade's activities in conjunction with Campobello Island and their failure to properly comply with the Interstate Land Sales Act (15 U.S.C., 1701). This issue is addressed at length in RTC criminal referral #73OJCR0199. In her memo, Ms. Bassett points out:

"The failure to comply with the Act in connection with one or two previous land development projects is some evidence that the failure once again to comply with the Act was willful and not just a negligent oversight."

Madison Guaranty Savings & Loan
Criminal Referral #730CR0196
August 18, 1993 Page 10

7b. GIVE A CHRONOLOGICAL AND COMPLETE ACCOUNT OF THE SUSPECTED VIOLATION: (Use continuation sheet, if necessary.)

• Relate key events to documents and attach copies of those documents

2/15/85 White Water Development Corporation issues check #000132 on account #2301515 for $3,000, payable to Chris Wade, and allegedly signed by James B. McDougal; however, the signature appears to resemble that of Susan McDougal, a frequent occurrence, and one that was addressed at length in RTC criminal referral #C0004. When the check was written, the White Water account was overdrawn $<1,891.03>, bringing the balance to $<4,891.03> when the check was force paid, allegedly on Jim McDougal's authorization. The check was endorsed "For Deposit Only", and deposited to an account at American Savings & Loan, Yellville, Arkansas. Issuance of this check to Chris Wade, a Madison Guaranty insider and McDougal business partner, is being alleged as a potentially illegal campaign contribution.(Exhibit A-1)

2/26/85 Check #616 is issued from James B. McDougal's personal account #000424, in the amount of $4,500, payable to his mother, Lorene McDougal, and signed by Susan McDougal. These funds were diverted from the proceeds of a $351,502 loan granted to the McDougal's by MGS&L for the purpose of purchasing and renovating a home; proceeds having been deposited into their account on 2/22/85. This diversion of funds was also addressed in RTC criminal referral # C0004. Prior to this deposit, the McDougal's account was overdrawn in excess of $<8,000>. Again, the allegation is set forth that these funds were potentially utilized for illegal campaign contributions.(Exhibit A-2)

4/4/85 Flowerwood Farms, Inc. issues check #000192 for $3,000 to Madison Guaranty, drawn on MGS&L account #2301361, and allegedly signed by Susan McDougal; however the signature bears no resemblance to other documents containing Ms. McDougal's signature. There is no endorsement on the back of the check with the exception of the "Pay to any bank" stamp. This referral alleges that these funds were utilized to purchase MGS&L cashier's check # Q2496 for $3,000. (Exhibit B-1)

MGS&L cashier's check # Q2496 for $3,000, payable to "Bill Clinton Campaign Fund" and remitted by J. W. Fulbright, is drawn on MGS&L account #7001312 (overdrawn by $<46,881.24> at the time). The check is endorsed "For Deposit Only Bill Clinton Political Committee". (Exhibits B-2, B-3)

Check #688 is issued on James B. McDougal's personal MGS&L account #000424, for $3,000 payable to "Bill Clinton Campaign Fund", signed by Susan McDougal. The check is endorsed "For Deposit Only Bill Clinton Political Committee." The check force paid on May 3, 1985, overdrawing McDougal's account to $<10,897.73>. (Exhibit C-1, C-2)

4/4/85 MGS&L cashier's check # LN2461 for $50,000, drawn on account # 7001347, is issued to the "Account of Charles Peacock, III" denoting LN # 2354-70 and identifying a UCC-1 financing statement and collateral of Air Conditioners. The check is endorsed by Charles Peacock III. (Exhibit D-1)

An MGS&L counter check for $6,000, payable to Madison Guaranty, is issued on account #15253, and signed by Charles Peacock III. (Exhibit D-2)

4/4/85 MGS&L cashier's check # Q2497 for $3,000, payable to "Bill Clinton" and remitted by Ken Peacock (MGS&L shareholder, son and business partner of Charles Peacock III), is drawn on MGS&L account #7001312 (still overdrawn by $<46,881.24>.) The check is endorsed "For Deposit Only Bill Clinton Political Committee." (Exhibit D-3, D-4)

MGS&L cashier's check #Q2498 for $3,000, payable to "Bill Clinton" and remitted by "Dean" (actually "Dene") Landrum (MGS&L shareholder and business associate of Charles Peacock III in a company called Quality Hydraulics - see exhibits D-4 and D-6), is drawn on MGS&L account #7001312 (again, still overdrawn). The check is endorsed "For Deposit Only Bill Clinton Political Committee." (Exhibit D-5, D-6)

2ND CASE of Level 1 printed in FULL format.

UNITED STATES OF AMERICA, PLAINTIFF v. JAMES B. MCDOUGAL, JIM GUY TUCKER, and SUSAN MCDOUGAL, DEFENDANTS

NO. LR-CR-95-173

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF ARKANSAS, WESTERN DIVISION

906 F. Supp. 499; 1995 U.S. Dist. LEXIS 17482

November 15, 1995, Decided
November 15, 1995, FILED

DISPOSITION: [**1] The motion to dismiss for lack of jurisdiction (document no. 65) denied. James McDougal's motion to adopt (document no. 105) granted.

COUNSEL: ATTORNEYS FOR PLAINTIFF: Kenneth W. Starr, Esq., W. Ray Jahn, Esq., Bradley E. Lerman, Esq., Amy J. St. Eve, Esq., OFFICE OF THE INDEPENDENT COUNSEL, Little Rock, Arkansas.

ATTORNEYS FOR DEFENDANTS: JAMES McDOUGAL - Sam T. Heuer, Esq., Little Rock, Arkansas. JIM GUY TUCKER - William H. Sutton, Esq., FRIDAY, ELDREDGE & CLARK, Little Rock, Arkansas. George B. Collins, Esq., COLLINS & BARGIONE, Chicago, Illinois. James J. Lessmeister, Esq., ARNOLD, GROBMYER & HALEY, Little Rock, Arkansas. SUSAN McDOUGAL - Bobby McDaniel, Esq., Jonesboro, Arkansas. Jenniffer Horan, Esq., FEDERAL PUBLIC DEFENDER, Little Rock, Arkansas.

JUDGES: George Howard, Jr., UNITED STATES DISTRICT JUDGE

OPINIONBY: George Howard, Jr.

OPINION: [*499] ORDER

Defendants have filed a motion to dismiss the indictment for lack of jurisdiction and for [*500] violation of their due process rights for alleged prejudicial interference with the grand jury. n1 The Independent Counsel counters that he has jurisdiction by virtue of the conflict-of-interest provision under 28 U.S.C. § 591(c)(2).

- - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - - -

n1 Defendant Jim Guy Tucker ("Tucker") originally filed the motion to dismiss on September 25, 1995. Defendant James B. McDougal ("James McDougal") has moved to adopt the motion to dismiss, which is granted. Defendant Susan McDougal ("Susan McDougal") also filed a motion to adopt Tucker's motion which was granted. In addition, Susan McDougal has filed her own motion to dismiss which includes the arguments raised by Tucker in the instant motion.

- - - - - - - - - - - - - - - - - -End Footnotes- - - - - - - - - - - - - - - - - -
[**2]

The August 17, 1995, Indictment charges defendants Jim Guy Tucker ("Tucker"), James B. McDougal and Susan H. McDougal with criminal wrongdoing in financial transactions involving Madison Guaranty Savings & Loan Association ("Madison")

and Capital Management Services, Inc. ("CMS"). The Indictment charges inter alia that Tucker engaged in a scheme with the McDougals and David L. Hale, who was president of CMS, to defraud Madison and CMS.

In order to understand the arguments, a review of the relevant statutory provisions is necessary. The Ethics in Government Act of 1978, as amended by the Independent Counsel Reauthorization Act of 1994, 28 U.S.C. @@ 519-599 (the "Independent Counsel Act"), permits the Attorney General to request that Independent Counsel be appointed in certain circumstances. Under @ 591(b), the Attorney General may request that an independent counsel be appointed when her preliminary investigation discloses that certain named individuals in the Executive Department may have violated the law. These individuals include the President and Vice President, the Director of Central Intelligence, Commission of Internal Revenue, and high ranking Executive Office officials. [**3]

The Independent Counsel states that @ 591(b) is inapplicable in this situation, as the Attorney General in this instance proceeded under @ 591(c)(2). "Pursuant to @ 591(c), the Attorney General may also conduct a preliminary investigation of persons not named in @ 591(b) if an investigation by the Attorney General or other Department of Justice official 'may result in a personal, financial, or political conflict of interest.'" Morrison v. Olson, 487 U.S. 654, 660 n. 2, 101 L. Ed. 2d 569, 108 S. Ct. 2597 (1988).

If the Attorney General determines that further investigation or prosecution is warranted, she shall apply to the Special Division of the Court for appointment of an independent counsel. The Act gives the Special Division the power to choose who will serve as independent counsel and to define his or her jurisdiction. 28 U.S.C. @ 593(b). Morrison, 487 U.S. at 678.

The Attorney General requested the appointment of an independent counsel on July 1, 1994. n2 She requested that the Special Division provide the independent counsel with the same jurisdiction it had granted Robert B. Fiske, Jr., who the Attorney General had appointed on January 20, 1994, to act as regulatory [**4] independent counsel to take over all investigations relating to Madison. n3

- - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - - -

n2 On June 30, 1994, President Clinton signed into law "The Independent Counsel Reauthorization Act of 1994."

n3 The Attorney General defined Mr. Fiske's authority in a final rule codified at 28 C.F.R. @ 603.1.

- - - - - - - - - - - - - - - - - -End Footnotes- - - - - - - - - - - - - - - - - -

In her application, the Attorney General stated the following:

I have concluded that the circumstances of this matter call for the appointment of an independent counsel pursuant to 28 U.S.C. @ 592(c)(1)(A), because investigation by the Department of Justice of the allegations of violations of criminal law by McDougal and other individuals associated with President and Mrs. Clinton in connection with Madison Guaranty Savings & Loan, Whitewater Development Corporation, and Capital Management Services, Inc., would present a political conflict of interest. See Independent Reauthorization Act of 1994, @

4(a) (amending 28 U.S.C. § 591(c)).

The Special Division appointed Kenneth W. Starr as Independent Counsel [**5] on August [*501] 5, 1994. n4 The Special Division's order defined the jurisdiction of the Independent Counsel as follows:

Kenneth W. Starr, Esq., . . . is hereby appointed Independent Counsel with full power, independent authority, and jurisdiction to investigate to the maximum extent authorized by the Independent Counsel Reauthorization Act of 1994 whether any individuals or entities have committed a violation of any federal criminal law, other than a Class B or C misdemeanor or infraction, relating in any way to James B. McDougal's, President William Jefferson Clinton's, or Mrs. Hillary Rodham Clinton's relationships with Madison Guaranty Savings & Loan, Whitewater Development Corporation, or Capital Management Services, Inc.

The Independent Counsel shall have jurisdiction and authority to investigate other allegations or evidence of violation of any federal criminal law, other than a Class B or C misdemeanor or infraction, by any person or entity developed during the Independent Counsel's investigation referred to above and connected with or arising out of that investigation.

. . .

The Independent Counsel shall have jurisdiction and authority to seek indictments and [**6] to prosecute any persons or entities involved in any of the matters described above, who are reasonably believed to have committed a violation of any federal criminal law arising out of such matters . . .

. . . The Independent Counsel, as authorized by 28 U.S.C. § 594, shall have prosecutorial jurisdiction to fully investigate and prosecute the subject matter with respect to which the Attorney General requested the appointment of independent counsel . . . and all matters and individuals whose acts may be related to that subject matter . . .

- - - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - - - -

n4 The Special Division is a division of the United States Court of Appeals for the District of Columbia which is authorized to appoint independent counsels. It consists of three circuit court judges or justices appointed by the Chief Justice of the United States to serve for a two-year period. One of the judges must be from the United States Court of Appeals for the District of Columbia and no two judges named may be from the same court. 28 U.S.C. § 49.

- - - - - - - - - - - - - - - - - - - -End Footnotes- - - - - - - - - - - - - - - - - - - -

The [**7] authority of the Independent Counsel to investigate and prosecute persons other than those designated as "covered" under § 591(b) has been recognized by other courts. See e.g. United States v. Clarridge, 811 F. Supp. 697 (D.D.C. 1992). Indeed, defendants do not argue that section 591(c) only applies to "covered persons." Thus, that defendants do not fall within the definition of "covered persons" under section 591(b) is irrelevant to the Independent Counsel's authority to investigate and prosecute under section 591(c) matters relating to the subject matter to which the Attorney General has requested the appointment. There is no question that the indictment in this

case involves the subject matter of the Attorney General's request.

Susan McDougal argues that section 591(c) does not apply to her because she is not "someone who poses a conflict of interest problem with the Department of Justice." The conflict of interest determination, however, is not for Susan McDougal to make. Rather, the Attorney General's decision to seek the appointment of Independent Counsel is hers to make, and is not reviewable in any court. 28 U.S.C. @ 592(f).

Defendants further argue that if the basis [**8] of the appointment of the independent counsel is the Attorney General's conflict of interest, then her failure to file a notice of recusal, pursuant to 28 U.S.C. @ 591(e)(2) is fatal. The Court disagrees.

The specific recusal provision sets forth the standards when the Attorney General must recuse and the procedure for doing so. Thus, recusal is required where the Attorney General has a personal or financial relationship with the person being investigated. Here, the Attorney General asserted merely a political conflict of interest, and thus, the requirement of section 591(e)(2) that the determination warranting recusal be in writing is not applicable.

[*502] In sum, the Court finds that jurisdictional grant to the Independent Counsel was proper and that the Independent Counsel has the authority to prosecute these defendants.

Defendants also argue that the indictment should be dismissed for violating their due process rights and Federal Rule of Criminal Procedure 6(d). That is, they contend that as Judge Woods determined that the Independent Counsel did not have authority to prosecute Tucker in an earlier indictment, the Independent Counsel was without authority to be in the grand [**9] jury room presenting evidence in this case.

Rule 6(d) provides that only government attorneys, the witness testifying, a court reporter and interpreter, if necessary, shall be present while the grand jury is in session. The presence of the Independent Counsel as a government attorney is therefore authorized. Defendants' attempt to bootstrap Judge Woods' dismissal of the earlier indictment into a finding that the Independent Counsel was an unauthorized person is without merit.

An indictment may not be dismissed for errors in grand jury proceedings or prosecutorial misconduct unless defendants have demonstrated that they were prejudiced by misconduct. Bank of Nova Scotia v. United States, 487 U.S. 250, 254, 101 L. Ed. 2d 228, 108 S. Ct. 2369 (1988). See United States v. Manthei, 979 F.2d 124, 126 (8th Cir. 1992) (indictment may be dismissed only if prosecutorial misconduct was flagrant and caused substantial prejudice to the defendant). Defendants have not pointed to any misconduct which would rise to the level of "flagrant." Judge Woods' dismissal pertains to the authority of the Independent Counsel to present the matters to the grand jury. Judge Woods did not dismiss the [**10] earlier indictment because of some misconduct on the part of the Independent Counsel.

Furthermore, defendants cannot demonstrate any prejudice. Defendants' argument that the present indictment is somehow the fruit of a poisonous tree (that is, the earlier dismissed indictment) is without merit. "The grand jury's sources of information are widely drawn, and the validity of an indictment is

not affected by the character of the evidence considered. Thus, an indictment valid on its fact is not subject to challenge on the ground that the grand jury acted on the basis of inadequate or incompetent evidence . . . " United States v. Calandra, 414 U.S. 338, 344-45, 38 L. Ed. 2d 561, 94 S. Ct. 613 (1974). Grand jury proceedings are afforded a strong presumption of regularity, and defendants in this case have not met their burden of overcoming the presumption. See United States v. Kouba, 822 F.2d 768, 774 (8th Cir. 1987).

Accordingly, the motion to dismiss for lack of jurisdiction (document no. 65) is denied. n5 James McDougal's motion to adopt (document no. 105) is granted.

- - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - -

n5 Defendants' request for oral argument on this issue is denied.

- - - - - - - - - - - - - - - - - -End Footnotes- - - - - - - - - - - - - - - - -
[**11]

IT IS SO ORDERED this 15th day of November, 1995.

George Howard, Jr.

UNITED STATES DISTRICT JUDGE

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 The New York Times Company
The New York Times

May 29, 1996, Wednesday, Late Edition - Final
Correction Appended

SECTION: Section A; Page 1; Column 6; National Desk

LENGTH: 1950 words

HEADLINE: CLINTON PARTNERS IN ARKANSAS DEAL CONVICTED BY JURY

BYLINE: By STEPHEN LABATON

DATELINE: LITTLE ROCK, Ark., May 28

BODY:

In the first trial of the Whitewater investigation, a jury today convicted President Clinton's former business partners of fraud and other crimes for a chain of bad loans issued by an Arkansas savings and loan association in the 1980's.

James B. McDougal, the owner of the savings association, was convicted on 18 felony counts, and his former wife, Susan, was convicted on four felony counts. The third defendant, Gov. Jim Guy Tucker of Arkansas, was convicted on one count of conspiracy and one count of mail fraud, both felonies, and announced that he would resign by July 15 to prepare his appeals. As a result, the President's home state will now be governed by a Republican, Lieut. Gov. Mike Huckabee, who is also a candidate for the United States Senate.

The verdict, following a 12-week trial in which President Clinton and Mr. McDougal were the only witnesses to testify for the defense, was a victory for the staff of the Whitewater independent counsel just as it was coming under heavy criticism by supporters of the White House as being partisan.

The independent counsel, Kenneth W. Starr, said in a Washington news conference that he was "encouraged" by the verdict, the first in the 30-month-old Whitewater investigation, which remains open.

Before the McDougal-Tucker trial, the independent counsel had struck nine plea agreements, including one with former Associate Attorney General Webster L. Hubbell, who admitted stealing from the law firm where he had worked with Hillary Rodham Clinton, and others with a string of minor figures, most of them associated with Mr. McDougal's savings association.

President Clinton said he accepted today's verdict and expressed personal sorrow for the defendants, a White House statement noted simply that Mr. Clinton had not been charged in the case. [Page B8.]

When the President was asked this evening whether the jurors had not believed him, he replied: "You ought to ask them that. I doubt that. I doubt that that's what was going on."

But the guilty verdicts were unwelcome news at the White House, which has recently had some success in leaving the matter behind for the Presidential

campaign. Republicans quickly seized on the result.

"At 5 P.M. today, the cover-up began to unravel as Clinton's hometown jury found Clinton's partners guilty," said Speaker Newt Gingrich's spokesman, Tony Blankley, who called a reporter.

Moments after the verdict was announced, the nine women and three men who had deliberated for seven days left the crowded courtroom here, taking their tabbed loose-leaf notebooks and reams of heavily scribbled legal pads with them, along with any thoughts they may have had about the credibility of the President's two and a half hours of videotaped testimony.

In a statement read by a Federal marshal, the jurors said they wanted to assure the public that "we have served with pride and integrity."

While the defense had put great hopes in Mr. Clinton's testimony, the jurors' vote -- in which they accepted 24 of 30 counts -- seemed to indicate that it did not outweigh the all the evidence offered by the prosecution.

Several jurors said this evening that they believed the President's testimony and did not believe the testimony of David Hale, the main prosecution witness. Nonetheless, these jurors said, they voted for the convictions because there was so much evidence other than Mr. Hale's testimony that implicated the defendants.

"David Hale perjured himself on the witness stand," said Colin C. Capp, an automobile salesman on the jury. "The President totally discredited Hale's testimony. But the documentary evidence against the three was overwhelming."

Mr. Hale is a confessed felon who told the jurors that he had conspired with the McDougals and Mr. Tucker to issue fraudulent loans of about $3 million. Mr. Hale also said he had issued one of the Federally backed loans after Mr. Clinton had sought it, an accusation that the President adamantly denied.

Federal investigators revealed at the trial that almost $50,000 of the $300,000 loan Mr. Hale issued to Mrs. McDougal had ultimately wound up paying for expenses for the Whitewater land venture. On all the charges involving the loan in which Mr. Hale said the President had a role, the jury came back with guilty verdicts against the McDougals.

"I don't know if they disbelieved the President -- maybe they just didn't believe me, I don't know," Mr. McDougal said on the courthouse steps.

In his comments, Mr. Starr played down the significance of Mr. Hale's testimony by noting that the case had been built primarily on a complicated paper trail.

"We obviously are gratified by the verdict," he told reporters outside his office building, across the street from the Justice Department. "It was an elaborate documentary case, not just a testimonial case, and that required dutiful attention."

Mr. Starr has had to fend off criticism in recent weeks about his continuing to work as a private lawyer while also running this case. He seemed to have that criticism in mind when he said today that his role in the office had not been to make all decisions unilaterally.

"What we have instituted in this office, as I have said publicly before, is a very careful, elaborate, deliberative process," Mr. Starr said. "It is not the judgment of one individual. It is the judgment of a group of professionals."

Senator Bob Dole, the presumptive Republican candidate for President, was cautious in his response to the verdict. "I haven't commented on Whitewater since Day 1, so I won't comment on today's whatever," Mr. Dole said today. "I've just sort of stayed out of it. The White House has been saying, 'D'Amato, Dole, all this stuff,' and I have never made any comment."

Not all Republicans were so restrained. Mr. Blankley said, "It is a black night at spin control central in the White House."

Senator Alfonse M. D'Amato, the New York Republican who has served as chairman of a committee investigating Whitewater, said tonight: "For those who said that there's no there there, the verdict in Little Rock says that they're wrong. It validates the work of the committee and its efforts to uncover how it is that millions and millions of taxpayers' money was lost in a system that benefited political cronies."

Under a compromise worked out between the Republicans and Democrats in Senate, Mr. D'Amato's committee must complete its work next month, and the Senator said he would hold to that agreement.

"We're going to conclude our work by June 14, and the report will be made available on the 17th," he said.

Senator D'Amato said the verdict showed "that there is more to that than just being political."

For Mr. Clinton, the first sitting President since Gerald R. Ford to provide testimony in a criminal case, the spectacle of his participation so concerned him that he ordered his lawyers to take steps in court to prevent the public release of his videotaped deposition.

But the outcome today is not expected to be the last time Mr. Clinton will have to testify in a case brought by Mr. Starr, as defendants in a second case, set to begin in June, have already issued a subpoena for the President's testimony. In that case, the owners of a small Arkansas bank that held deposits of Mr. Clinton's have been accused of hiding contributions to several campaigns, including Mr. Clinton's campaign.

Mr. Clinton is expected to be questioned in that case about his 1990 decision to appoint one of the bankers to the Arkansas Highway Commission, a plum patronage post. That banker is accused of hiding illegal campaign contributions before that appointment.

Other aspects of Mr. Starr's inquiry also remain open. For example, he is still reviewing the circumstances surrounding the disappearance of some billing records from Mrs. Clinton's former law firm in early 1994, records that had been sought by investigators. A White House aide said she had found the records in the book room of the White House residence, a few paces from Mrs. Clinton's office, in August 1995. They were turned over to investigators this year, nearly two years after the first subpoena was issued for them.

Mr. McDougal had once been a close political ally and business partner of Mr. Clinton. But in the last four years, he has been a source of political difficulty. He drew the President into the case by obtaining a subpoena requiring Mr. Clinton to testify in order to challenge the credibility of Mr. Hale, a pivotal player in most of the counts against the defendants.

Six of those counts concerned an improper $300,000 loan Mr. Hale had issued in 1986 to Mrs. McDougal through his Federally backed company, Capital Management Services.

Investigators have said nearly $50,000 of the loan wound up paying the expenses for the 230-acre Ozarks land venture at the juncture of Crooked Creek and the White River that Mr. McDougal named Whitewater. Federal regulations at the time permitted Mr. Hale to approve such loans only for economically disadvantaged borrowers, under a Federal program.

Mr. Hale testified that he had issued the loan after it had been requested by Mr. Clinton and that the Governor had insisted that his name not appear on any documents in the transaction. Mr. Hale also said that Mr. McDougal had sought that loan and others to take care of the "political family" in Arkansas.

Mr. Clinton was called to refute Mr. Hale's testimony and raise questions about his character. Defense lawyers calculated that the jury would decide to take the word of the President over that of an admitted felon who is about to enter prison.

On the last day of the trial, after Mr. McDougal had testified for two days, defense lawyers played the testimony of the President. Videotaped a few days earlier in the room in the White House where Roosevelt had in another era charted the course of World War II, Mr. Clinton steadfastly denied that he had ever discussed any business with Mr. Hale.

Prosecutors had accused the McDougals and Mr. Hale of a variety of fraud violations involving a complex web of loans that prosecutors asserted had been intended to loot both the McDougals' savings association and Mr. Hale's investment company. Both institutions were backed by the Federal Government, and the losses from the two were ultimately borne by taxpayers.

During the trial, the prosecutor, W. Ray Jahn, sketched a portrait of a series of fraudulent land deals, typically at vastly inflated prices intended to generate false profits and through the use of front-men.

The fraudulent transactions included eight loans of more than $3 million from Madison and Capital Management in the 1980's. One of the central deals was an $825,000 loan that Madison, with the assistance of Mr. McDougal and Mr. Tucker, lent to an associate of Mr. Hale.

Mr. Tucker faces a maximum sentence of five years in prison and fines of up to $250,000 for each count on which he was convicted. He is facing a second indictment on Federal bankruptcy fraud charges.

On each of 15 counts on which he was convicted, Mr. McDougal faces a maximum sentence of five years in prison and a fine of up to $250,000. The other three counts carry a maximum sentence of two years in prison and a fine of up to $250,000.

Mrs. McDougal also faces a maximum sentence of five years in prison and a fine of up to $250,000 on three of the counts against her, and two years in prison and a fine of $250,000 on the fourth count.

Mr. Clinton was asked whether the jurors had not believed his videotaped testimony, in which he denied accusations by the Government's main witness, David Hale, that Mr. Clinton sought an improper loan when he was Governor of Arkansas.

CORRECTION-DATE: May 30, 1996, Thursday

CORRECTION:
An article yesterday about the conviction of President Clinton's former business partners, in the first trial of the Whitewater investigation into a failed savings and loan association, omitted a word in some editions and thus misstated the question to which the President was responding when he said: "You ought to ask them that. I doubt that. I doubt that that's what was going on." (A related article, about the White House's response to the verdict, also reflected the error.)

GRAPHIC: Photos: Gov. Jim Guy Tucker, top, left court yesterday after his conviction in a Whitewater-related case. James B. McDougal and his ex-wife, Susan, who is shown arriving at court earlier in the day, were also found guilty. (Associated Press) (pg. A1); Kenneth W. Starr, the Whitewater counsel, said yesterday that he was encouraged by the verdicts in the first trial in his 30-month investigation. He spoke at a Washington news conference. (Agence France-Presse); President Clinton and Leon E. Panetta, the White House chief of staff, walking to meet with reporters yesterday in Washington after the verdicts in the Whitewater-related trial in Little Rock, Ark. (Associated Press) (pg. B8)

LANGUAGE: ENGLISH

LOAD-DATE: May 29, 1996

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 The New York Times Company: Abstracts
WALL STREET JOURNAL

May 29, 1996, Wednesday

SECTION: Section A; Page 3, Column 1

LENGTH: 59 words

HEADLINE: THREE DEFENDANTS IN WHITEWATER CASE ARE FOUND GUILTY ON FRAUD CHARGES

BYLINE: BY GLENN R SIMPSON

ABSTRACT:

Arkansas Gov Jim Guy Tucker and James and Susan McDougal are convicted of fraud in Whitewater trial in Little Rock; jury rejects defense contention that Independent Counsel Kenneth Starr's case was politically motivated and without legal merit; verdict represents setback for Clinton Administration during 1996 presidential campaign; portraits (M)

GRAPHIC: Diagram

LANGUAGE: ENGLISH

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

UNITED STATES OF AMERICA	)	INDICTMENT
	)	
v.	)	No. LR-CR-95-___
	)	
JAMES B. MCDOUGAL,	)	18 U.S.C. § 371
JIM GUY TUCKER, and	)	18 U.S.C. § 2
SUSAN H. MCDOUGAL	)	18 U.S.C. § 1343
		18 U.S.C. § 1344
		18 U.S.C. § 1341
		18 U.S.C. § 1014
		18 U.S.C. § 657
		18 U.S.C. § 1006

THE GRAND JURY CHARGES:

COUNT ONE

INTRODUCTION

1. At all times material to this indictment:

(a) Madison Guaranty Savings & Loan Association ("MGSL") was a state-chartered, federally insured savings and loan association located in Little Rock, Arkansas. Its deposits were insured by the Federal Savings and Loan Insurance Corporation ("FSLIC").

(b) Madison Financial Corporation ("MFC") was a wholly owned subsidiary of MGSL. It engaged in real estate investment and development.

(c) Defendant JAMES B. MCDOUGAL was an owner of MGSL and the president and chairman of the board of directors of MFC. Defendant JAMES B. MCDOUGAL owned over 60% of the stock of MGSL.

(d) Defendant SUSAN H. MCDOUGAL was the wife of defendant JAMES B. MCDOUGAL and owned approximately 12% of the stock of MGSL. Defendant SUSAN H. MCDOUGAL was also a licensed real estate broker, who worked for Madison Real Estate Company, a division of MFC. Defendant SUSAN H. MCDOUGAL received commissions from the sale of property owned by MFC.

(e) The Federal Home Loan Bank Board ("FHLBB") was an agency of the United States Government established to regulate and supervise savings and loan institutions insured by the FSLIC. The FHLBB examined insured institutions to assure that they were operated in a safe and sound manner and in conformity with applicable laws and regulations.

(f) The Small Business Administration ("SBA") was an agency of the United States Government with responsibility for providing financial assistance to small and disadvantaged businesses. The SBA funded and regulated a program for small business investment companies ("SBICs"). SBICs were privately owned investment companies, supported through SBA funding, and mandated to provide financing to certain qualified small business concerns. An SBIC was eligible to receive leveraged funding from the SBA at a ratio of as much as four to one, that is, for every one dollar of private capital invested in an SBIC, the SBA could invest up to four dollars in additional capital.

(g) Capital Management Services, Inc. ("CMS") was a privately owned SBIC licensed by the SBA and located in Little Rock, Arkansas. Under SBA regulations, CMS was authorized to make

loans to socially or economically disadvantaged small business concerns.

(h) CMS was required to submit a portfolio finance report -- Form 1031 -- to the SBA for each loan it made. The Form 1031 included, among other things, the name of the person or entity to whom CMS was lending the money, the amount of the loan, the purpose of the loan, and the financing terms.

(i) The amount of money that CMS could lend to any one borrower was limited by SBA regulations. Those regulations provided that an SBIC could not lend any one borrower more than 30% of the SBIC's private capital. Prior to April 1986, CMS could not lend any one borrower more than $150,000. In or about April 1986, CMS's lending limit increased to $300,000 to any one borrower.

(j) David L. Hale was an owner and the President of CMS.

(k) Defendant JIM GUY TUCKER was an attorney in Little Rock, Arkansas, who represented MGSL, CMS and David L. Hale in a variety of matters. As an attorney for MGSL, defendant JIM GUY TUCKER had a fiduciary duty to represent the institution honestly, faithfully, and without conflict of interest. Defendant JIM GUY TUCKER was a partner in certain business ventures with defendant JAMES B. MCDOUGAL. Defendant JIM GUY TUCKER also borrowed from MGSL and, through various business entities, from CMS.

(l) Dean Paul Ltd., Inc. ("Dean Paul Ltd.") was a corporation controlled by Dean Paul, a business associate of David L. Hale and, on occasion, a client of defendant JIM GUY TUCKER.

(m) Castle Sewer and Water ("CSW") was incorporated on December 31, 1985. CSW purchased a sewer and water system from MFC on or about February 28, 1986. Defendant JIM GUY TUCKER owned two-thirds of CSW's stock.

(n) Southloop Construction Corporation ("Southloop") was a wholly owned subsidiary of CSW. Defendant JIM GUY TUCKER caused its incorporation on June 22, 1987.

2. Beginning no later than 1985, and continuing through at least 1987, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,
JIM GUY TUCKER, and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, did knowingly and willfully combine, conspire, and agree with each other to commit offenses against the United States, to wit:

(a) to knowingly and willfully, and with intent to defraud, misapply and cause to be misapplied the monies, funds and credits of MGSL, in violation of Title 18, United States Code, Section 657;

(b) to knowingly and willfully make, and cause to be made, false entries in the books and records of MGSL with the intent to defraud the institution and deceive the FHLBB, an agency of the United States, and its examiners appointed to examine MGSL's condition, in violation of Title 18, United States Code, Section 1006;

(c) to knowingly and willfully participate, share in and receive, directly and indirectly, the money, profit, property and benefits of a transaction of MGSL, with the intent to defraud the institution, and the United States and an agency thereof, in violation of Title 18, United States Code, Section 1006;

(d) to knowingly and willfully misapply, and cause to be misapplied, the monies, funds and credits of CMS, a small business investment company licensed by the SBA, in violation of Title 18, United States Code, Section 657;

(e) to knowingly and willfully make, and cause to be made, false entries in the books, reports and statements of CMS, a small business investment company licensed by the SBA, with the intent to defraud the United States, an agency thereof, and officers, examiners and auditors thereof, in violation of Title 18, United States Code, Section 1006; and

(f) to knowingly and willfully make, and cause to be made, in various loan applications, false statements for the purpose of influencing the actions of CMS in the making of fraudulent loans, in violation of Title 18, United States Code, Section 1014.

Object of the Conspiracy

3. It was an object of the conspiracy that the defendants would and did fraudulently conduct the affairs of MGSL and CMS to generate readily available funds to be used by them, or at their

direction, to benefit their joint business ventures, or to reward those who would, or did, assist them in their ventures.

4. It was further an object of the conspiracy that the defendants would and did fraudulently structure financial dealings with MGSL and CMS to conceal from examiners, auditors, and others, the defendants' interests in, and benefits derived from, those transactions.

5. It was further an object of the conspiracy that the defendants engaged in fraudulent and nominee transactions in which assets were transferred for the purpose of generating fraudulent profits or disguising from examiners and auditors the true ownership of the assets.

6. It was further an object of the conspiracy that the defendants would and did engage in "land flip" and other fraudulent transactions for the purpose of financing individual investment opportunities in which the individual defendants bore no personal risk, while MGSL, MFC and CMS bore the entire risk.

Manner and Means

The Use and Control of MGSL, MFC and CMS

7. It was a part of the conspiracy that defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL together controlled the majority of the stock of MGSL and directed, influenced and controlled the business affairs of MGSL and MFC.

8. It was further a part of the conspiracy that David L. Hale controlled the majority of the stock of CMS and managed and directed its business affairs.

9. It was further a part of the conspiracy that the defendants had various business dealings and investments that were of mutual interest or involved opportunities for shared profits. In order to finance these investments and to pay other institutions for loans that had been granted to them to engage in their business activities, it was necessary to obtain a continuous stream of loans and financing.

10. It was further a part of the conspiracy that the defendants needed to obtain funds and financing in a manner that would not attract the attention of examiners and auditors, expose MGSL or CMS to criticism by regulators, or appear to violate state and federal regulations. Thus, defendants structured transactions and generated fraudulent paperwork, when necessary, in order to make those transactions appear to be consistent with sound business practices and existing regulations, even when they were not. This was of particular concern in late 1985 and early 1986, when defendant JAMES B. MCDOUGAL expected that an examination of the affairs of MGSL would soon be conducted.

11. It was further a part of the conspiracy that the defendants, aware of laws and regulations limiting and controlling the total amount of funds that could be lent by CMS to any one borrower, the limited category of eligible borrowers, and the limited purposes for which funds could be loaned, took steps to

fraudulently circumvent those laws and regulations, by, among other things, arranging for CMS to make fraudulent loans to benefit themselves or their friends and business associates, using false and fraudulent loan applications and proposals, submitted on behalf of nominee borrowers, and secured by insufficient collateral.

Fraudulent Transactions

12. It was further a part of the conspiracy that the defendants would and did arrange for a fraudulent loan to be made by MGSL to finance a fraudulent real estate transaction in order to generate more than $500,000 of private capital to be paid in to CMS.

13. It was further a part of the conspiracy that, following the infusion of approximately $500,000 in capital to CMS, CMS would and did apply to the SBA for matching funds, in order to provide the conspirators with additional funds to use in various business ventures.

14. It was further a part of the conspiracy that defendant JIM GUY TUCKER would and did act as a nominee in transactions involving property on Main Street, in Little Rock, Arkansas.

15. It was further a part of the conspiracy that to continue to generate fraudulent profits and make funding available for their personal uses, the defendants would and did undertake and cause a series of fraudulent financial transactions with MGSL, MFC, and CMS, including the following:

(a) A series of transactions from in or about March 1985 through in or about January 1986, in which the property at 1308

Main Street, Little Rock, Arkansas, was transferred from one nominee to another for the purpose of generating false profits, and providing cash benefits to defendant JIM GUY TUCKER and others known to the Grand Jury;

(b) A loan from MGSL for $825,000 to Dean Raul Ltd., secured by properties that were fraudulently appraised and over-valued. The loan was provided to finance a fraudulent real estate transaction. Defendants JAMES B. MCDOUGAL and JIM GUY TUCKER, and others known to the Grand Jury, including David L. Hale, arranged the transaction and loan for the purpose of providing funds to Hale to be used to increase the capitalization of CMS;

(c) A loan of $143,000 from CMS to Larry E. Kuca, d/b/a Campobello Realty Company, for the benefit, in part, of defendant JAMES B. MCDOUGAL, which loan was obtained following the submission of a loan application that fraudulently misrepresented the use and purpose of the loan;

(d) A loan of $65,000 from CMS to Stephen Smith, d/b/a The Communication Company, made for the benefit, in part, of defendants JAMES B. MCDOUGAL and JIM GUY TUCKER, which loan was obtained following the submission of a loan application that fraudulently misrepresented the use and purpose of the loan;

(e) A loan of $1.05 million from MGSL to CSW for the purchase of a sewer and water system owned by MFC, for the benefit of defendants JAMES B. MCDOUGAL, SUSAN H. MCDOUGAL and JIM GUY TUCKER, which loan helped generate inflated profits for MFC and commissions to defendant SUSAN H. MCDOUGAL;

(f) A loan of $150,000 from CMS to CSW for the benefit, in part, of defendants JAMES B. MCDOUGAL, JIM GUY TUCKER and SUSAN H. MCDOUGAL;

(g) A loan of $300,000 from CMS to defendant SUSAN H. MCDOUGAL, d/b/a Master Marketing, made for the benefit of defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL, which loan was obtained following the submission of a loan application that fraudulently misrepresented the use and purpose of the loan; and

(h) A loan of $100,000 from CMS to Southloop for the benefit of defendant JIM GUY TUCKER, and structured to conceal and hide defendant JIM GUY TUCKER's interest in the loan.

Overt Acts

16. In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts, among others, were committed in the Eastern District of Arkansas:

(a) In or about October 1985, defendant JIM GUY TUCKER obtained a $260,000 loan from MGSL to finance JIM GUY TUCKER's purchase from MFC of property located in South Little Rock. The loan exceeded the value of the property by approximately 100%;

(b) In or about October 1985, JIM GUY TUCKER signed a deed conveying the property at 1308 Main Street to another nominee selected by JAMES B. MCDOUGAL;

(c) In or about October 1985, defendants JAMES B. MCDOUGAL and JIM GUY TUCKER had a meeting with David L. Hale in which they discussed and agreed to a plan to fraudulently use MGSL

funds to infuse approximately $500,000 in capital into CMS for the purpose of funding loans from CMS to the defendants and their nominees;

(d) In or about January 1986, defendant JAMES B. MCDOUGAL and David L. Hale caused the preparation of fraudulent appraisals of real estate owned by David L. Hale in order to support a fraudulent MGSL loan to Dean Paul Ltd.;

(e) On or about December 31, 1985, defendant JIM GUY TUCKER caused the incorporation of CSW for the purpose of purchasing a sewer and water system from MFC;

(f) On or about January 10, 1986, defendant JAMES B. MCDOUGAL influenced and helped obtain a CMS loan to Larry E. Kuca, d/b/a Campobello Realty Company, in the amount of $143,000;

(g) On or about February 21, 1986, defendant JAMES B. MCDOUGAL influenced and helped obtain a CMS loan to Stephen A. Smith, d/b/a The Communication Company, in the amount of $65,000;

(h) On or about February 28, 1986, defendant JAMES B. MCDOUGAL caused MGSL to lend Dean Paul Ltd. $825,000 for the purpose of financing a fraudulent real estate transaction in which Dean Paul Ltd. purchased falsely appraised real estate from David L. Hale;

(i) On or about February 28, 1986, defendant JAMES B. MCDOUGAL caused MGSL to loan $1.05 million to CSW for the purpose of financing CSW's purchase of a sewer and water system, owned by MFC;

(j) On or about February 28, 1986, defendants JAMES B. MCDOUGAL and JIM GUY TUCKER influenced and helped obtain a CMS loan to CSW of $150,000, which CSW used as the down payment for the purchase of the sewer and water system from MFC;

(k) On or about March 3, 1986, David L. Hale received $502,000 in net proceeds from the fraudulent Dean Paul Ltd. real estate transaction;

(l) In or about March 1986, David L. Hale caused CMS to apply to the SBA for leveraged funding to match the infusion of capital made following the fraudulent Dean Paul Ltd. real estate transaction;

(m) On or about March 19, 1986, defendant JAMES B. MCDOUGAL caused to be prepared a false and fraudulent loan application for a $300,000 loan from CMS to "Susan McDougal d/b/a/ Master Marketing," a company which was not in operation and had no ongoing business;

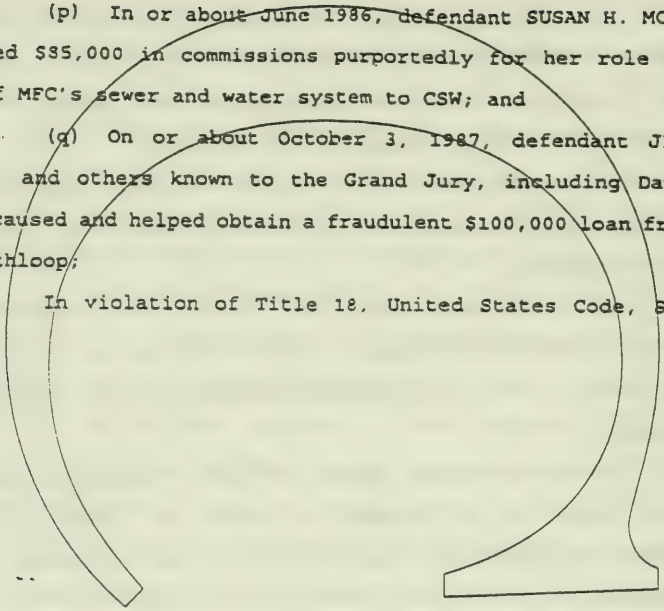
(n) On or about April 3, 1986, defendant SUSAN H. MCDOUGAL completed loan papers and received the proceeds of the fraudulent $300,000 loan from CMS to "Susan McDougal d/b/a Master Marketing;"

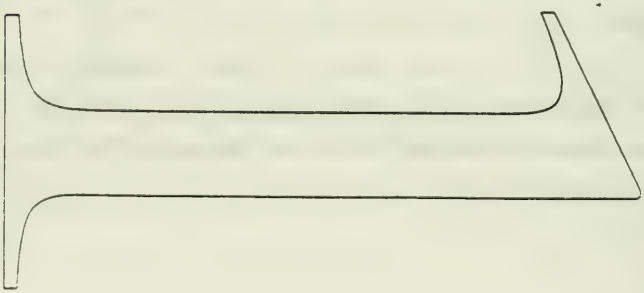
(o) On or about April 8, 1986, defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL caused the proceeds of the fraudulent Master Marketing loan to be deposited into their joint account at MGSL;

(p) In or about June 1986, defendant SUSAN H. MCDOUGAL received $85,000 in commissions purportedly for her role in the sale of MFC's sewer and water system to CSW; and

(q) On or about October 3, 1987, defendant JIM GUY TUCKER, and others known to the Grand Jury, including David L. Hale, caused and helped obtain a fraudulent $100,000 loan from CMS to Southloop;

In violation of Title 18, United States Code, Section 371.





COUNT TWO

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 16 of Count One of this indictment.

2. Beginning no later than October 1985 and continuing through April 1987, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,
JIM GUY TUCKER, and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, devised and intended to devise a scheme to defraud and for obtaining money and property, including loans from MGSL and CMS, by means of false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations, and promises would be and were false and fraudulent when made, which scheme affected financial institutions, and is further described in the paragraphs below.

3. It was part of the scheme to defraud that defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, SUSAN H. MCDOUGAL, and others known to the Grand Jury, including David L. Hale, engaged in false and fraudulent loan transactions for the purpose of wrongfully obtaining from CMS, MGSL, or both, funds to be used for the benefit of the defendants.

4. It was further a part of the scheme to defraud, that, in the fall of 1985, defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and

others known to the Grand Jury, including David L. Hale, planned and arranged for MGSL funds to be used to build up the capital of CMS. The funds were to be provided to CMS through a fraudulent real estate transaction financed by MGSL.

5. It was further a part of the scheme to defraud that defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and others known to the Grand Jury, including David L. Hale, planned and arranged for the fraudulent real estate transaction designed to benefit CMS. The fraudulent real estate transaction was structured such that David L. Hale was selling certain parcels of real estate to a third party nominee. The purchase price for the fraudulent sale was manipulated so that David L. Hale would net $502,000 in proceeds.

6. It was further a part of the scheme to defraud that defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, including David L. Hale, arranged for MGSL to finance the fraudulent real estate transaction through, among other means, false appraisals and fraudulent loan documents. As a result, MGSL would issue a loan for $825,000 to Dean Paul Ltd. to purchase real estate from David L. Hale.

7. It was further a part of the scheme to defraud that David L. Hale would take proceeds from the fraudulent real estate transaction, financed by MGSL, and invest them in CMS, for the purpose of building up the capital in CMS and obtaining additional funding from the SBA. The SBA, using a three to one funding ratio, provided CMS with $1.5 million of additional funds and allowed CMS

to increase the total amount that CMS could lend to a single borrower to $300,000.

8. It was further a part of the scheme to defraud that defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, SUSAN H. MCDOUGAL, and others known to the Grand Jury, including David L. Hale, would receive loans from CMS as a result of, and in exchange for, Hale's profiting from the fraudulent real estate transaction, financed by MGSL. In particular, the following loans made by CMS were part of the scheme to defraud:

(a) CMS lent Campobello Realty Company $143,000 on January 10, 1986;

(b) CMS lent The Communication Company $65,000 on February 21, 1986;

(c) CMS lent CSW $150,000 on February 28, 1986; and

(d) CMS lent Master Marketing $300,000 on April 3, 1986.

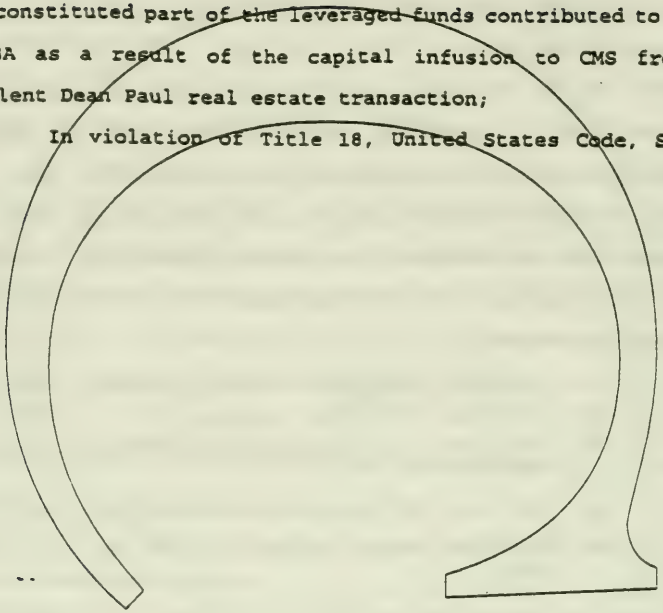
9. On or about May 20, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

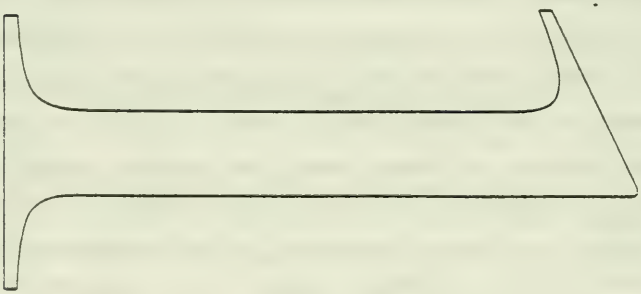
JAMES B. MCDOUGAL,
JIM GUY TUCKER, and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, for the purpose of executing the above-described scheme to defraud MGSL and CMS, and attempting so to do, knowingly did cause to be transmitted by means of wire in interstate commerce, certain writings, signs and signals, namely a wire transfer of funds from the United States Department of Treasury from outside the State of Arkansas, to CMS's account at Pulaski Bank and Trust in Little Rock, Arkansas, on or about May 20, 1986,

which constituted part of the leveraged funds contributed to CMS by the SBA as a result of the capital infusion to CMS from the fraudulent Dean Paul real estate transaction;

In violation of Title 18, United States Code, Section 1343.





~~COUNT THREE~~

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. On or about September 11, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,
JIM GUY TUCKER, and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, for the purpose of executing the above-described scheme to defraud MGSL and CMS, and attempting to do so, knowingly did cause to be transmitted by means of wire in interstate commerce, certain writings, signs and signals, namely a wire transfer of funds from the United States ~~Department of Treasury~~ from outside the State of Arkansas, to CMS's account at Pulaski Bank and Trust in Little Rock, Arkansas, on or about September 11, 1986, which constituted part of the leveraged funds contributed to CMS by the SBA as a result of the capital infusion to CMS from the fraudulent Dean Paul real estate transaction;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. Beginning no later than October 1985 and continuing through at least March 1986, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL, and
JIM GUY TUCKER,

defendants herein, and others known to the Grand Jury, including David L. Hale, unlawfully, willfully and knowingly executed and attempted to execute a scheme and artifice to defraud a financial institution, namely, MGSL, and to obtain money and property owned by, and under the custody and control of, MGSL, by means of false and fraudulent pretenses, representations, and promises, to wit, defendants JAMES B. MCDOUGAL, and JIM GUY TUCKER planned and caused a fraudulent real estate transaction to be funded by MGSL, said transaction involving, among other things, false appraisals and fraudulent loan documents, resulting in an $825,000 loan to Dean Paul Ltd.;

In violation of Title 18, United States Code, Section 1344.

COUNT FIVE

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. At all times material:

(a) MFC was a partner in a real estate development joint venture called Campobello Properties Venture ("CPV"). CPV was formed for the purpose of creating and marketing a resort home development on Campobello Island, in Canada. By the summer of 1985, MFC was the majority and managing partner in CPV, and defendant JAMES B. MCDOUGAL had primary responsibility for operating and developing the project.

(b) In September 1984, Larry E. Kuca began working for CPV. By June 1985, Larry E. Kuca had become the real estate broker for CPV, with primary responsibility for the sale of lots on Campobello Island, and reported directly to defendant JAMES B. MCDOUGAL.

(c) In approximately the summer of 1985, Larry E. Kuca became aware of a parcel of property on Campobello Island, approximately 100 acres in size, that was for sale. This property subsequently became known as the "Seaview" property. Larry E. Kuca believed the Seaview property would be beneficial to the development of CPV and, accordingly, he recommended to defendant JAMES B. MCDOUGAL that CPV purchase it.

(d) In the summer and fall of 1985, defendant JAMES B. MCDOUGAL had conversations with Larry E. Kuca about the Seaview property. Defendant JAMES B. MCDOUGAL informed Larry E. Kuca that the partners in CPV did not want to invest in the purchase of the Seaview property. Defendant JAMES B. MCDOUGAL and Larry E. Kuca agreed that defendant JAMES B. MCDOUGAL and Larry E. Kuca would purchase the property for themselves, with the title in Larry E. Kuca's name only.

(e) In approximately the summer of 1985, defendant JAMES B. MCDOUGAL and Larry E. Kuca formed an oral partnership that later became known as "KUMAC." The KUMAC partnership acquired the Seaview property on Campobello Island. For the sole purpose of financing KUMAC's purchase of the Seaview property, on November 19, 1985, defendant JAMES B. MCDOUGAL caused CPV to pay Larry E. Kuca $150,000. Defendant JAMES B. MCDOUGAL caused this $150,000 payment to be booked as an "advance" on commissions to Larry E. Kuca. Larry E. Kuca was not owed $150,000 in commissions at that time.

(f) On November 19, 1985, defendant JAMES B. MCDOUGAL and Larry E. Kuca purchased the Seaview property in the name of Larry E. Kuca, using the "advance" from CPV. Defendant JAMES B. MCDOUGAL remained a silent partner in the Seaview purchase.

3. Defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, arranged to pay back the CPV "advance" on commissions by obtaining a fraudulent loan from CMS. This loan was the first made by CMS in consideration for MGSL's financing the fraudulent Dean Paul real estate transaction.

4. On or about January 10, 1986, defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, caused a false and fraudulent loan proposal to be submitted to CMS. The false and fraudulent proposal requested a loan for a business called Campobello Realty Company and represented that the loan proceeds would be used for operating capital of the brokerage business, including travel, equipment, advertising and general administration. In fact, defendant JAMES B. MCDOUGAL did not intend for the loan proceeds to be used for business expenses of Campobello Realty Company as represented in the false and fraudulent loan proposal. Rather, the funds were to be used for the purpose of repaying CPV the "advance" on commissions used to purchase the Seaview property.

5. On or about January 10, 1986, defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, applied $143,000 of the proceeds of the CMS loan to Campobello Realty Company by using the funds to repay CPV for Larry E. Kuca's November 19, 1985 "advance" on commissions. None of the loan proceeds were used for the purposes stated in the written loan proposal.

6. On or about January 14, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

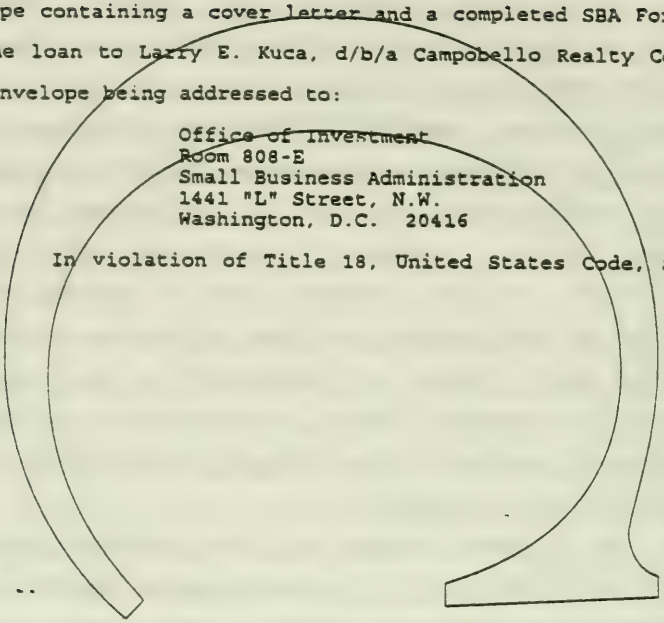
JAMES B. MCDOUGAL,

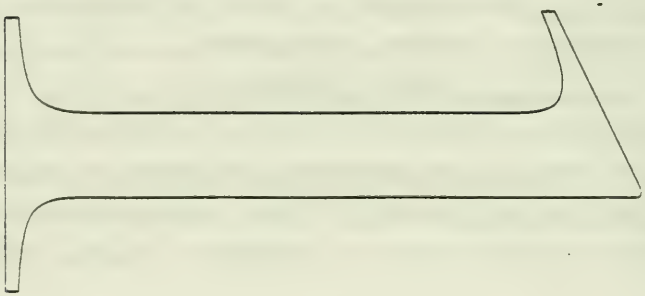
defendant herein, and others known to the Grand Jury, for the purpose of executing the above-described scheme to defraud, and attempting so to do, knowingly did cause to be placed in the United States Post Office or authorized depository for mail matter, an

envelope containing a cover letter and a completed SBA Form 1031 for the loan to Larry E. Kuca, d/b/a Campobello Realty Company, that envelope being addressed to:

Office of Investment
Room 808-E
Small Business Administration
1441 "L" Street, N.W.
Washington, D.C. 20416

In violation of Title 18, United States Code, Section 1341.





COUNT SIX

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two and paragraphs 2 through 5 of Count Five of this indictment.

2. On or about November 19, 1985, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,

defendant herein, connected in a capacity with MGSL, a financial institution the accounts of which were insured by the FSLIC, knowingly, willfully and with intent to defraud MGSL and an agency of the United States, namely the FHLBB and its examiners, did participate and share in, and receive money directly and indirectly through, a transaction of MGSL, in that defendant JAMES B. MCDOUGAL, through CPV, a joint venture of MFC, a wholly owned subsidiary of MGSL, in order to conceal his own self-dealing, caused CPV to pay Larry E. Kuca $150,000, identified as an advance on commissions when, in truth and in fact, the advance was in part a concealed loan to defendant JAMES B. MCDOUGAL, enabling both defendant JAMES B. MCDOUGAL and Larry E. Kuca to purchase the Seaview property in a partnership known as KUMAC,

In violation of Title 18, United States Code, Section 1006.

COUNT SEVEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 5 of Count Five of this indictment.

2. On or about January 10, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,

defendant herein, and others known to the Grand Jury, aided and abetted by each other, knowingly, willfully and unlawfully made a false statement and caused the making of a false statement for the purpose of influencing the actions of CMS, a federally licensed SBIC, in connection with a $143,000 loan from CMS, in that defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, represented and caused to be represented to CMS that the purpose of the loan was for operating capital for Campobello Realty Company, when in truth and in fact, as defendant JAMES B. MCDOUGAL well knew, the proceeds of the loan would not be used for that purpose;

In violation of Title 18, United States Code, Section 1014, and Title 18, United States Code, Section 2.

COUNT EIGHT

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. At all times material:

(a) Defendants JAMES B. MCDOUGAL and JIM GUY TUCKER were two of the four shareholders in a corporation known as the Kings River Land Company ("Kings River"). Stephen A. Smith was also a shareholder in Kings River. Kings River was formed for the purpose of purchasing and developing real estate.

(b) In January 1981, Kings River obtained a loan from Worthen National Bank secured by certain property in Huntsville, Arkansas. The loan was for a term of one year. In approximately January 1985, Worthen renewed the loan for one more year. By January 1986, payment on the loan was due. At this time, approximately $55,000 remained in unpaid principal on the Worthen note.

3. In or about February 1986, defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and others known to the Grand Jury, arranged to pay off the Kings River note at Worthen by obtaining a fraudulent loan from CMS in the name of a business operated by Stephen A. Smith. This loan from CMS was the second loan made in consideration for MGSL's financing the fraudulent Dean Paul real estate transaction.

4. On or about February 1, 1986, a false and fictitious loan proposal was submitted to CMS. The false proposal represented that

The Communication Company, a business operated by Stephen A. Smith, was seeking a loan from CMS and would apply the proceeds of the loan to pay for expenses in the operation of the business, including hiring a new employee. In fact, this representation was false and fraudulent in that the loan proceeds would not be used for any purpose related to the operation of The Communication Company. Rather, defendants JAMES B. MCDOUGAL and JIM GUY TUCKER knew the proceeds would be used to retire the Kings River loan at Worthen National Bank.

5. On or about February 21, 1986, pursuant to the false loan proposal, CMS issued a loan to Stephen A. Smith, d/b/a The Communication Company, in the amount of $65,000, which was used to pay off the Kings River note at Worthen.

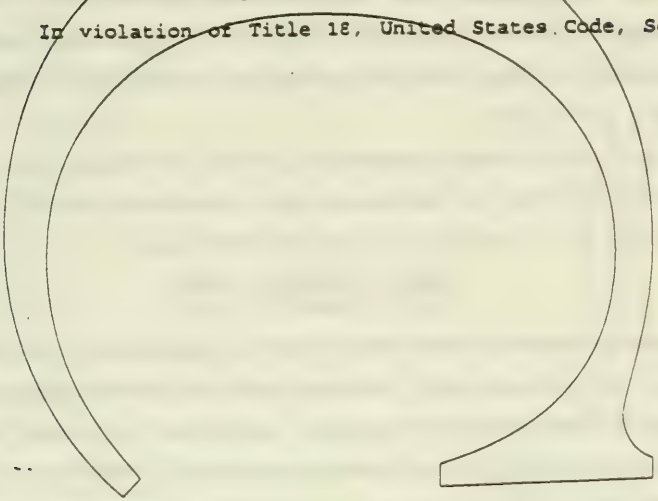
6. On or about February 24, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

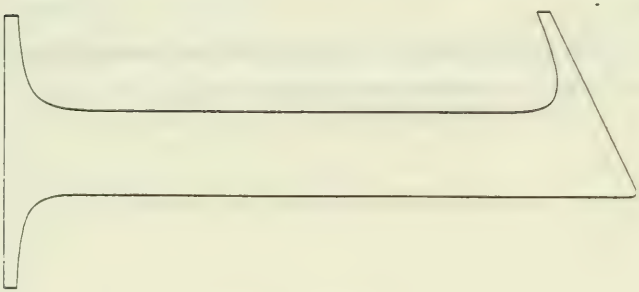
JAMES B. MCDOUGAL and
JIM GUY TUCKER,

defendants herein, and others known to the Grand Jury, including David L. Hale, for the purpose of executing the above-described scheme to defraud, and attempting so to do, knowingly did cause to be placed in the United States Post Office or authorized depository for mail matter, an envelope containing a cover letter and a completed SBA Form 1031 for the loan to Stephen A. Smith, d/b/a The Communication Company, that envelope being addressed to:

Office of Investment
Room 808-E
Small Business Administration
1441 "L" Street, N.W.
Washington, D.C. 20416

In violation of Title 18, United States Code, Section 1341.





COUNT NINE

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 5 of Count Eight of this indictment.

2. On or about February 21, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

JAMES B. MCDOUGAL, and
JIM GUY TUCKER

defendants herein, aided and abetted by each other, with intent to injure and defraud CMS, knowingly and willfully misapplied and caused to be misapplied moneys and funds in excess of $100 belonging to CMS, in that defendants JAMES B. MCDOUGAL and JIM GUY TUCKER, and others known to the Grand Jury, caused a loan to be issued to Stephen A. Smith, d/b/a The Communication Company, for expenses in the operation of The Communication Company, knowing full well that the loan proceeds would not be used for that purpose;

In violation of Title 18, United States Code, Section 657, and Title 18, United States Code, Section 2.

COUNT TEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1 and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 5 of Count Eight of this indictment.

2. In or about February 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

JAMES B. MCDOUGAL, and
JIM GUY TUCKER,

defendants herein, aided and abetted by each other, with intent to defraud CMS, and with intent to deceive the auditors of the SBA, an agency of the United States, knowingly and willfully made, and caused to be made, a false entry in the reports and statements of CMS, stating that the purpose of the loan to Stephen A. Smith, d/b/a The Communication Company, was for expenses in the operation of The Communication Company, including hiring a new employee, knowing full well that the proceeds would not be used for the stated purpose;

In violation of Title 18, United States Code, Section 1006, and Title 18, United States Code, Section 2.

COUNT ELEVEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 5 of Count Eight of this indictment.

2. On or about February 1, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL, and
JIM GUY TUCKER

defendants herein, and others known to the Grand Jury, aided and abetted by each other, knowingly, willfully and unlawfully made a false statement and caused the making of a false statement for the purpose of influencing the actions of CMS, a federally licensed SBIC, in connection with a $65,000 loan from CMS, in that defendants JAMES B. MCDOUGAL and JIM GUY TUCKER, and others known to the Grand Jury, represented and caused to be represented to CMS that the purpose of the loan was for operating expenses for The Communication Company, including hiring a new employee, when in truth and in fact, as defendants JAMES B. MCDOUGAL and JIM GUY TUCKER well knew, the proceeds of the loan would not be used for that purpose;

In violation of Title 18, United States Code, Section 1014, and Title 18, United States Code, Section 2.

COUNT TWELVE

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. At all material times:

(a) On or about October 4, 1985, MFC purchased approximately 400 acres of land in South Little Rock called the "Castle Grande" development. On or about January 15, 1986, MFC also acquired the sewer and water system servicing Castle Grande at a book value of approximately $450,000.

(b) On or about December 31, 1985, Castle Sewer and Water ("CSW"), a corporation, was formed for the purpose of purchasing, from MFC, the sewer and water system that serviced the Castle Grande development.

3. Defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and others known to the Grand Jury, arranged for CSW to purchase the sewer and water system from MFC for $1.2 million, resulting in profits to MFC and MGSL and generating a real estate commission to defendant SUSAN H. MCDOUGAL. CSW's purchase of the sewer and water system was to be financed entirely by money provided by MGSL and CMS.

4. In or about February 1986, defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and others known to the Grand Jury, including David L. Hale, arranged for CSW to obtain a loan from CMS to be used as the down payment on the purchase of the sewer and water system.

This loan was the third loan made by CMS in consideration for MGSL's financing the fraudulent Dean Paul real estate transaction.

5. In or about February 1986, defendants JAMES B. MCDOUGAL, JIM GUY TUCKER, and others known to the Grand Jury, including David L. Hale, caused a loan proposal for CSW to be submitted to CMS. The loan proposal requested that CMS loan $300,000 to CSW for the stated purpose of "operating capital and for maintenance and painting of the water tank." In fact, as the defendants knew, the proceeds of the loan were going to be used solely as a down payment to MFC for the purchase of the system.

6. On or about February 28, 1986, CSW received a $150,000 loan from CMS, the proceeds of which were used entirely as a down payment for the purchase of the sewer and water system from MFC.

7. On or about February 28, 1986, CSW purchased the sewer and water system from MFC for a price of $1.2 million. To effect the purchase, MGSL lent CSW $1.05 million.

8. In or about June 1986, MFC paid Madison Real Estate, which, in turn, paid defendant SUSAN H. MCDOUGAL, $85,000 in "commissions" for the sale of the sewer and water system to CSW.

9. On or about March 4, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

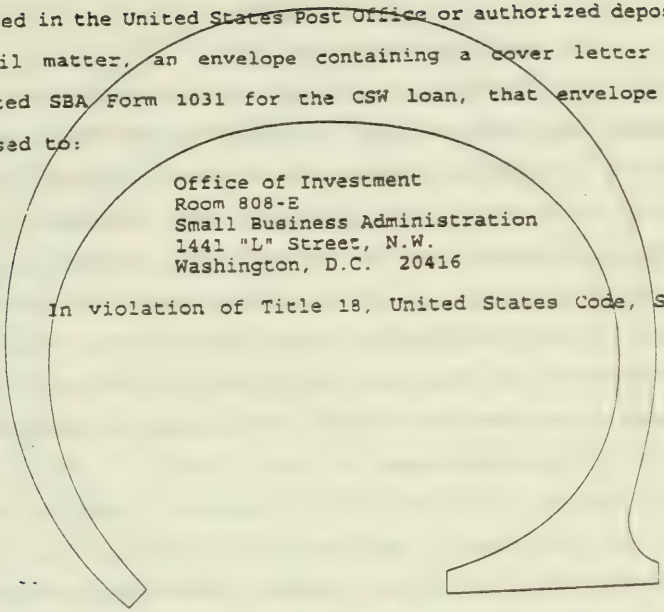
JAMES B. MCDOUGAL,
JIM GUY TUCKER, and
SUSAN H. MCDOUGAL,

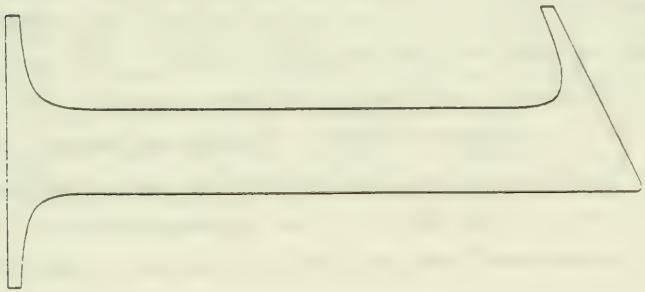
defendants herein, and others known to the Grand Jury, including David L. Hale, for the purpose of executing the above-described scheme to defraud, and attempting so to do, knowingly did cause to

be placed in the United States Post Office or authorized depository for mail matter, an envelope containing a cover letter and a completed SBA Form 1031 for the CSW loan, that envelope being addressed to:

Office of Investment
Room 808-E
Small Business Administration
1441 "L" Street, N.W.
Washington, D.C. 20416

In violation of Title 18, United States Code, Section 1341.





COUNT THIRTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Two of this indictment.

2. In or about March and April 1986, defendant JAMES B. MCDOUGAL, and others known to the Grand Jury, including David L. Hale, prepared paperwork and took other steps to arrange for defendant SUSAN H. MCDOUGAL to receive the proceeds from a false and fraudulent loan from CMS. This loan from CMS was the fourth loan made in consideration for MGSL's financing the fraudulent Dean Paul real estate transaction.

3. In or about March 1986, defendant JAMES B. MCDOUGAL drafted and submitted to CMS a false and fraudulent loan proposal requesting a $300,000 loan for a company called "Master Marketing." The loan proposal represented that defendant SUSAN H. MCDOUGAL operated Master Marketing, a "general purpose advertising and public relations consulting firm with Susan McDougal, a well-known Little Rock advertising personality, as sole owner," and that the proceeds of the loan were to be used as follows: "the preponderance of funds are required for operating capital." In fact, Master Marketing was not an ongoing business and had no existing operations, and defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL did not intend to use the loan proceeds for Master Marketing.

4. On or about April 3, 1986, defendant SUSAN H. MCDOUGAL signed the necessary loan paperwork and received a check from CMS,

made payable to Susan H. McDougal d/b/a Master Marketing in the amount of $300,000.

5. On or about April 8, 1986, defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL caused the $300,000 check from CMS to be deposited into their joint checking account at MOSL.

6. From in or about April 1986 until in or about June 1986, defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL spent the proceeds of the $300,000 Master Marketing loan on items wholly unconnected to any business called "Master Marketing."

7. In or about April 1987, defendant SUSAN H. MCDOUGAL wrote and signed false documents that she provided to the SBA and CMS in connection with the Master Marketing loan. These documents were designed to mislead and deceive the SBA regarding the true purpose and intent of the Master Marketing loan.

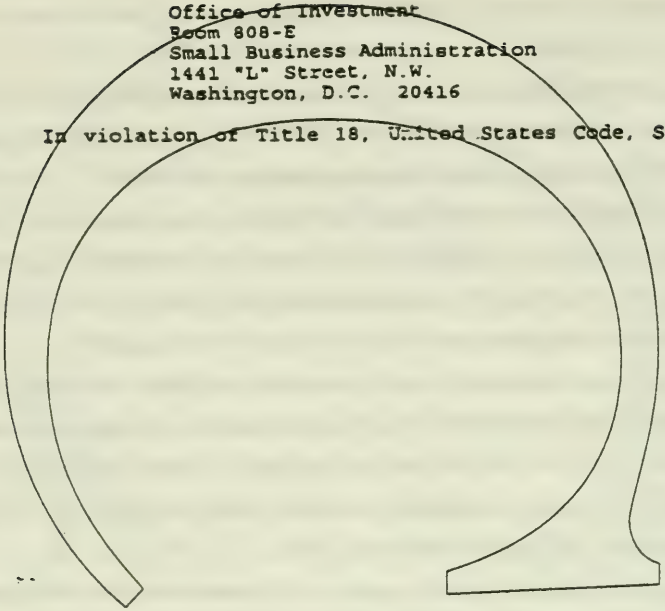
8. On or about April 9, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

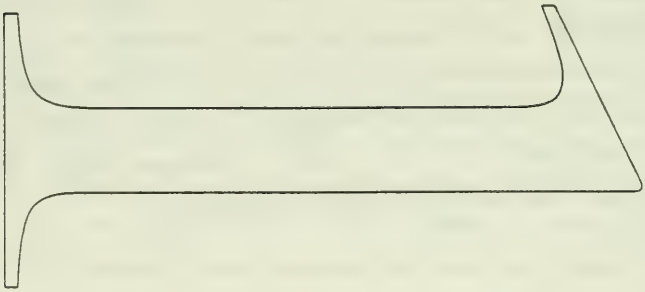
JAMES B. MCDOUGAL and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, for the purpose of executing the above-described scheme to defraud, and attempting so to do, knowingly did cause to be placed in the United States Post Office or authorized depository for mail matter, an envelope containing a cover letter and a completed Form 1031 for the Susan H. McDougal d/b/a Master Marketing loan, that envelope being addressed to:

Office of Investment
Room 808-E
Small Business Administration
1441 "L" Street, N.W.
Washington, D.C. 20416

In violation of Title 18, United States Code, Section 1341.





COUNT FOURTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 7 of Count Thirteen of this indictment.

2. On or about April 3, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

JAMES B. MCDOUGAL and
SUSAN H. MCDOUGAL,

defendants herein, aided and abetted by each other, with intent to injure and defraud CMS, knowingly and willfully misapplied and caused to be misapplied moneys and funds in excess of $100 belonging to CMS, in that defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL, and others known to the Grand Jury, caused a loan to be issued to Susan H. McDougal, d/b/a Master Marketing, for operating expenses, knowing full well that the loan proceeds would not be used for that purpose;

In violation of Title 18, United States Code, Section 657, and Title 18, United States Code, Section 2.

COUNT FIFTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 7 of Count Thirteen of this indictment.

2. On or about April 3, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

JAMES B. MCDOUGAL, and
SUSAN H. MCDOUGAL,

defendants herein, aided and abetted by each other, with intent to defraud CMS, and with intent to deceive the auditors of the SBA, an agency of the United States, knowingly and willfully made, and caused to be made, a false entry in the reports and statements of CMS, stating that the purpose of the loan to Susan H. McDougal, d/b/a/ Master Marketing was for operating expenses of Master Marketing, when they knew the proceeds would not be used for that purpose;

In violation of Title 18, United States Code, Section 1006, and Title 18, United States Code, Section 2.

COUNT SIXTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, paragraphs 2 through 8 of Count Two, and paragraphs 2 through 7 of Count Thirteen of this indictment.

2. On or about April 3, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL, and
SUSAN H. MCDOUGAL,

defendants herein, and others known to the Grand Jury, including David L. Hale, aided and abetted by each other, knowingly, willfully and unlawfully made a false statement and caused the making of a false statement for the purpose of influencing the actions of CMS, a federally licensed SBIC, in connection with a $300,000 loan from CMS, in that defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL, represented and caused to be represented to CMS that the purpose of the loan was for operating capital for Master Marketing, when in truth and in fact, as defendants JAMES B. MCDOUGAL and SUSAN H. MCDOUGAL well knew, the proceeds of the loan would not be used as represented;

In violation of Title 18, United States Code, Section 1014, and Title 18, United States Code, Section 2.

COUNT SEVENTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One of this indictment.

2. On or about October 15, 1985, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,

defendant herein, connected in a capacity with MGSL, a financial institution the accounts of which were insured by the FSLIC, and others known to the Grand Jury, aided and abetted by each other, with intent to injure and defraud MGSL, knowingly and willfully misapplied and caused to be misapplied moneys and funds in excess of $100 belonging to MGSL, in that defendant JAMES B. MCDOUGAL caused a $125,000 loan to be secured by property located at 1308 Main, to be issued to a third party, knowing full well that (i) the third party was borrowing the funds as an accommodation to defendant JAMES B. MCDOUGAL; (ii) the underlying sales transaction was fraudulent in that the third party was merely a nominee and would exercise no control over the asset ostensibly purchased with the loan proceeds; and (iii) the third party was not credit-worthy and could not pay the periodic payments on the loan;

In violation of Title 18, United States Code, Section 657, and Title 18, United States Code, Section 2.

COUNT EIGHTEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, ~~and 3 through~~ 15 of Count One of this indictment.

2. On or about February 18, 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,

defendant herein, connected in a capacity with MGSL, a financial institution the accounts of which were insured by the FSLIC, and others known to the Grand Jury, aided and abetted by each other, with intent to injure and defraud MGSL, knowingly and willfully misapplied and caused to be misapplied moneys and funds in excess of $100 belonging to MFC, a wholly owned subsidiary of MGSL, in that defendant JAMES B. MCDOUGAL issued and caused to be issued an $18,000 MFC check to a relative purportedly to pay six months of back rent on a building located at 1308 Main Street that MFC leased from the relative beginning ostensibly in August 1985, when, in truth and in fact, as defendant JAMES B. MCDOUGAL well knew, no such lease was in place to justify the $18,000 payment, the building itself was held by various nominees, and the relative did not acquire the building until January 15, 1986;

In violation of Title 18, United States Code, Section 657, and Title 18, United States Code, Section 2.

COUNT NINETEEN

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One of this indictment.

2. In or about February 1986, in Little Rock, in the Eastern District of Arkansas, and elsewhere,

JAMES B. MCDOUGAL,

defendant herein, connected in a capacity with MGSL, a financial institution the accounts of which were insured by the FSLIC, and others known to the Grand Jury, aided and abetted by each other, with intent to deceive examiners of the FHLBB, an agency of the United States, knowingly and willfully made and caused to be made a false and misleading entry in the books of MFC, a wholly owned subsidiary of MGSL, in that defendant JAMES B. MCDOUGAL, in order to justify an $18,000 payment to a relative, prepared and caused to be prepared a backdated lease agreement which falsely stated and represented that a certain relative was the owner of the premises leased by MFC on August 1, 1985, and that MFC owed the relative rent for the months beginning in August 1985, when in truth and in fact, as defendant JAMES B. MCDOUGAL well knew, no such lease existed in August 1985 and defendant JAMES B. MCDOUGAL did not make the relative a nominee owner of the building until January 1986;

In violation of Title 18, United States Code, Section 1006, and Title 18, United States Code, Title 2.

COUNT TWENTY

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One of this indictment.

2. On or about March 7, 1984, defendant JIM GUY TUCKER guaranteed a loan for Daniel Garner and his mother, Irene Garner, from Savers Federal Savings & Loan ("Savers"). Defendant JIM GUY TUCKER received a mortgage on the Garner home at 32 Pine Manor, Little Rock, Arkansas, in return, in part, for guaranteeing this loan.

3. On or about October 25, 1985, defendant JIM GUY TUCKER received a $260,000 loan from MGSL and used $131,641.50 of the MGSL loan proceeds to pay off the Garner loan at Savers. Savers assigned its mortgage on 32 Pine Manor to defendant JIM GUY TUCKER.

4. Defendant JIM GUY TUCKER transferred the property to Arkansas Commercial Realty, a company partially owned by CMS, for the purpose of having Arkansas Commercial Realty, rather than defendant JIM GUY TUCKER, himself, foreclose on the Garners' home.

5. The foreclosure on the Garners' home was completed in or about January 1986. Although he directed the foreclosure, defendant JIM GUY TUCKER played no active role in it.

6. On or about July 25, 1986, 32 Pine Manor was purchased with a $100,000 loan from National Bank of Arkansas and a $35,000 promissory note to Greenfield Properties, Inc. The $100,000

proceeds were deposited into Greenfield Properties Inc.'s account under Hale's control.

7. Defendant JIM GUY TUCKER allowed David L. Hale to retain the $100,000 proceeds from the sale of 32 Pine Manor for a period of time.

8. In or about the summer of 1987, defendant JIM GUY TUCKER requested that David L. Hale return the $100,000 proceeds from the sale of 32 Pine Manor to TUCKER.

9. Defendant JIM GUY TUCKER and David L. Hale agreed that Hale would provide defendant JIM GUY TUCKER with $100,000 through a fraudulent loan transaction from CMS to a corporate entity, formed and controlled by defendant JIM GUY TUCKER, called Southloop. Defendant JIM GUY TUCKER and David L. Hale agreed that CMS, rather than David L. Hale personally, would repay the $100,000 to defendant JIM GUY TUCKER by fraudulently lending $100,000 to Southloop with the understanding that the transaction was not a business loan, but rather a personal repayment of money for the benefit of defendant JIM GUY TUCKER.

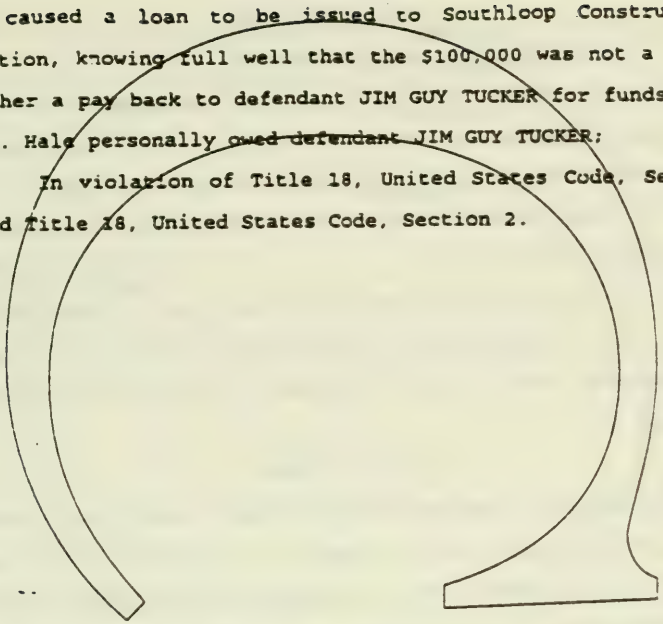
10. On or about October 3, 1987, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

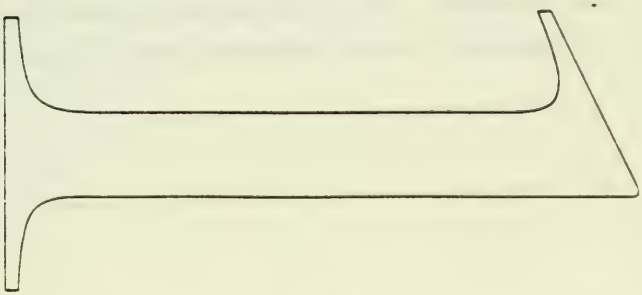
JIM GUY TUCKER,

defendant herein, aided and abetted by each other, with intent to injure and defraud CMS, knowingly and willfully misapplied and caused to be misapplied moneys and funds in excess of $100 belonging to CMS, in that David L. Hale and defendant JIM GUY

TUCKER caused a loan to be issued to Southloop Construction Corporation, knowing full well that the $100,000 was not a loan, but rather a pay back to defendant JIM GUY TUCKER for funds that David L. Hale personally owed defendant JIM GUY TUCKER;

In violation of Title 18, United States Code, Section 657, and Title 18, United States Code, Section 2.





COUNT TWENTY-ONE

THE GRAND JURY FURTHER CHARGES:

1. The Grand Jury realleges and incorporates herein by reference paragraphs 1, and 3 through 15 of Count One, and paragraphs 2 through 8 of Count Twenty of this indictment.

2. On or about October 3, 1987, CMS issued a fraudulent loan to Southloop for $100,000.

3. In or about the summer of 1987, up to and including October, 1987, in Little Rock, in the Eastern District of Arkansas, and elsewhere, David L. Hale, connected in a capacity with CMS, an SBIC, and

JIM GUY TUCKER,

defendant herein, aided and abetted by each other, with intent to defraud CMS, and with intent to deceive the auditors of the SBA, an agency of the United States, knowingly and willfully made, and caused to be made, a false entry in the reports and statements of CMS, to wit: that Southloop was receiving a loan from CMS on or about October 3, 1987, for $100,000, when, in truth and in fact, as defendant JIM GUY TUCKER well knew, the transaction was not a corporate loan, but rather, the transaction was a personal pay back of $100,000 to defendant JIM GUY TUCKER from David L. Hale;

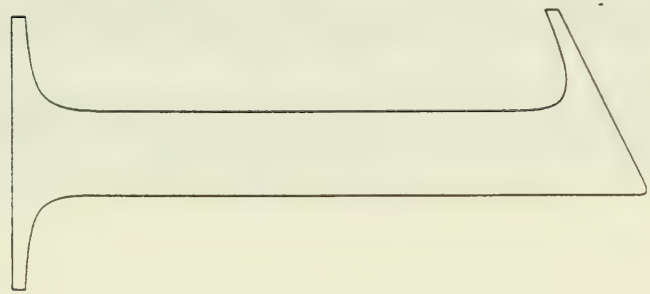
In violation of Title 18, United States Code, Section 1006, and Title 18, United States Code, Section 2.

A TRUE BILL.

FOREMAN

KENNETH W. STARR
INDEPENDENT COUNSEL

Dated: August 17, 1995.



1ST STORY of Level 1 printed in FULL format.

Copyright 1996 The Washington Post
The Washington Post

May 29, 1996, Wednesday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 1603 words

HEADLINE: Three Guilty in Arkansas Fraud Trial; Whitewater Counsel Vows to 'Move Forward'

BYLINE: R.H. Melton; Michael Haddigan, Washington Post Staff Writers

DATELINE: LITTLE ROCK, May 28

BODY:
A federal jury handed Whitewater independent counsel Kenneth W. Starr a decisive victory here today by convicting two of President Clinton's former business partners and Gov. Jim Guy Tucker (D) of nearly all the fraud and conspiracy charges Starr lodged against them 10 months ago.

Tucker, now in his second term, promptly announced his resignation at a news conference in the state Capitol, saying he will leave office by July 15.

The jury of nine women and three men ended the three-month-long trial by convicting James B. McDougal, who once owned a Little Rock savings and loan, of 18 charges of conspiracy and fraud.

McDougal's former wife, Susan, who some courtroom observers believed would be acquitted because of her lesser role in the fraudulent transactions, was convicted on all four charges against her, which included mail fraud and making false financial entries and statements. Two jurors said later that Clinton's testimony for the defense had no bearing on their decision to convict his former business partners.

Tucker, 52, who succeeded Clinton as governor, was convicted of conspiracy and mail fraud in real estate development schemes that eventually helped destroy McDougal's savings and loan. "I'm sure they tried to do the right thing," Tucker said of the jurors. "As it happens, they just did the wrong thing."

Clinton's close relationship with the McDougals during his years as Arkansas's governor has been a continuing source of political embarrassment over the past four years, and the jury's decision only exacerbates that. At the White House, Clinton told reporters he was saddened by the convictions of his longtime Arkansas friends, who now face years in prison and fines amounting to millions of dollars.The defense had called Clinton to testify in hopes he would damage the credibility of the chief prosecution witness.

The convictions could not have been more timely or cumulatively powerful for Starr, a Republican who has been criticized for his conduct of the investigation, especially by Democratic partisans. The result also represented a vindication for a sometimes risky prosecution strategy of drowning the jury with documentary evidence, in this case more than 600 exhibits.

By contrast, jurors said, the defense presented almost no case, other than the testimony of the president and James McDougal. "I can't understand why they rested so quickly," said one alternate juror. The panel deliberated for eight days before reaching the verdicts.

In Washington, a beaming Starr told reporters he was "obviously gratified" by the trial's outcome and alluded to a home-court advantage that never materialized for the defendants, calling the convictions "a tribute to the people of Arkansas."

"What now? We move forward," Starr said.

The subtext of the trial, so strongly flavored by Arkansas politics and the election-year struggle between national Democrats and Republicans, was the contest between Starr and the Clinton White House. As independent counsel, Starr had broad prosecutorial powers and grand juries to help him unravel the go-go real estate deals that transformed Little Rock while Clinton was governor in the mid-1980s.

Clinton faced no criminal charges in this trial, but the White House clearly did not relish the idea of a jury's branding his Whitewater partners as crooks at the very moment the president geared up his reelection campaign.

Although the trial centered on a complex loan-swapping scheme, it touched on the Whitewater real estate development, in which the Clintons and McDougals were partners. Prosecution witness David Hale testified that Clinton, as governor, asked him to approve an illegal $ 300,000 loan to Susan McDougal. About $ 50,000 of the proceeds of that loan went into a Whitewater account.

Clinton, in videotaped testimony played in court, heatedly denied that he urged Hale to make the loan. Risa Gayle Briggs, a 41-year schoolteacher who sat on the jury, said the panel did not focus on Clinton's testimony, although she called him a "very credible" witness. "His name was brought up during the deliberations maybe once in passing," she said. "The president's testimony had nothing to do with the transactions we were homing in on and discussing.

"We had enough credible witnesses that we didn't have to rely on Clinton or Hale," she said. "We drew diagrams, we story-webbed it out, we did a time line, we went over everything with a fine-tooth comb."

Said another juror, Janice R. Greer: "It was the documents we went with. The documents told me more than the testimony did."

The verdicts were returned late in the day in a windowless courtroom thick with tension and heat in a spring swelter. The defendants and their lawyers hugged and shook hands and clapped one another on the back before the jury returned, but became visibly tense when the clerk read out the 30 verdicts in a monotone.

Tucker scowled as she pronounced him guilty of conspiracy, the most serious charge he faced. McDougal remained impassive, his left hand cradling his chin.

Like the Whitewater hearings conducted by the special Senate committee for the past two years, the lengthy trial was a step backward in time to a period when financial institutions like McDougal's Madison Guaranty became

risk-takers venturing into new enterprises, especially large-scale real estate development.

Prosecutors portrayed McDougal as the mastermind of several schemes involving dummy corporations, insider deals and false filings to regulators to increase his personal profits and those of his co-conspirators. The prosecution claimed that the McDougals, Tucker and Hale, who owned a lending firm backed by Small Business Administration funds, used Hale's firm as a source of illegal loans.

There was agreement among defense counsel and prosecutors alike that McDougal fared poorly on the stand, contradicting earlier statements and failing to recall key episodes. Ernest Williams, a 37-year-old alternate juror, said, "Jim McDougal messed himself up real bad when he got on the stand. . . . There were things he could remember from 30 years ago but not from five or 10 years ago . . .

"I think the best thing would have been for him to stay at the table with his lawyer."

Others on the defense team added it may have been a mistake for Tucker not to testify in his defense. They also criticized his attorney's closing argument as weak.

Though he sometimes seemed to meander in talking to jurors, prosecutor W. Ray Jahn constructed a solid documentary case against the three defendants, bolstering the testimony of his witnesses with a lengthy paper trail.

Jahn, a big bear of a man with sandy hair and a mustache who favored striped ties and suspenders, ran his side of the case ferociously, setting up a war room for the prosecution team in the bowels of the federal building across the street from the U.S. District Court building within sight of the Arkansas statehouse.

Inside the locked room, inspirational posters were hung on cinder-block walls reading "Confusion to our enemies" and "Once more into the breach, dear friends," symbols of the zeal with which Starr's subordinates brought to the trial.

"It's crime, not politics," Jahn said in an interview on the first full day of jury deliberations.

Jahn is an expert prosecutor of bank fraud trials, having conducted his first 20 years ago as an assistant U.S. attorney in San Antonio. He said he was fully confident that the Little Rock jury could sift through the complicated transactions that McDougal engineered while at the helm of Madison Guaranty.

"The issue is how do you simplify it so the hearer understands," Jahn said. "If you can show them the badges of fraud, they'll understand."

"They paid attention," Jahn added. "This jury stayed with it all the way through."

McDougal, 55, faces up to 84 years in prison and $ 4.5 million in fines. Susan McDougal faces as much as 17 years in prison and a $ 1 million fine. Tucker could receive up to 10 years in prison and a $ 500,000 fine.

The Washington Post, May 29, 1996

At a news conference at the state Capitol, Tucker, looking visibly shaken, said: "Although I am innocent of all charges made, I must accept the verdict of the jury while I appeal. But I cannot, and should not, allow our people, or our state, bear any part of that burden."

Tucker will most likely be succeeded by Lt. Gov. Mike Huckabee, a Republican who is currently running for the U.S. Senate seat being vacated by retiring Sen. David Pryor (D).

At least nine other sitting governors have been indicted while in office. Among them was Marvin Mandel, the governor of Maryland who served 14 months in prison for mail fraud and bribery, and Guy Hunt, governor of Alabama, who was convicted of violating a federal ethics law.

Republican members of Congress said today's verdicts legitimize the various inquiries into Whitewater. Sen. Alfonse M. D'Amato (R-N.Y.), who heads a Senate committee probing Whitewater, said the verdicts show that "there really is substance to the Whitewater investigation, as opposed to it being challenged as it has, as just being partisan without any substance. I think the jury has certainly demonstrated that this is real."

Rep. Jim Leach (R-Iowa), who chairs the House Banking Committee that has investigated Whitewater, said on CNN: "I have never suggested a legal context needed to be applied to the president. But in terms of the ethical aspects of this whole Whitewater circumstance, it's going to be very serious for him."

Staff writer Serge Kovaleski in Washington contributed to this report.

GRAPHIC: Photo, jeff mitchell;phm, JAMES B. McDOUGAL Convicted of: * Conspiracy (one count) * Wire fraud (two counts) * Bank fraud (one count) * Mail fraud (three counts) * Fraudulent participation (one count) * Making false statements (three counts) * Misapplication of funds (four counts) * Making false entries (three counts) Acquitted of: * Mail fraud (one count) SUSAN McDOUGAL Convicted of: * Mail fraud (one count) * Misapplication of funds (one count) * Making false entries (one count) * Making false statements (one count) JIM GUY TUCKER Convicted of: * Conspiracy (one count) * Mail fraud (one count) Acquitted of: * Wire fraud (two counts) * Bank fraud (one count) * Misapplication of funds (one count) * Making false entries (one count) Arkansas Gov. Jim Guy Tucker (D) leaves federal courthouse after conviction. He said he would resign by July 15. James B. McDougal, center, speaks to reporters outside the federal courthouse in Little Rock after his conviction. At left is his attorney, Sam Heuer.

LANGUAGE: ENGLISH

LOAD-DATE: May 29, 1996May 29, 1996

RTC
RESOLUTION TRUST CORPORATION
Resolving The Crisis
Restoring The Confidence

Karen L. Carmichael
Senior Attorney
Legal Division - PLS
7400 W. 110th., Suite 400
Overland Park, Kansas 66210
(913) 344-8100
Fax No.: (913) 344-8185
Direct Line: (913) 344-8438

INTEROFFICE MEMORANDUM

DATE: October 7, 1993

TO: Julie Fry Yanda, Counsel
Section Chief, PLS
Kansas City Office

FROM: Karen L. Carmichael, Senior Attorney, PLS
Legal Criminal Coordinator
Kansas City Office

Philip J. Adams, Senior Attorney, PLS
Kansas City Office

RE: Legal Review of KCO Investigation's Criminal Referrals: CR0190, CR0192, CR0195, CR0196, CR0198, CR0199, CR0203, CR0210, CR0211.

I. PURPOSE:

Pursuant to Resolution Trust Corporation ("RTC") internal policy as stated in Memoranda dated June 17, 1993 from James Dudine, Thomas Hindes, James Barker, and Jerry Patchan to All RTC Investigations Department Heads, Staff, Assistant General Counsel, Litigation Section Chiefs and Attorneys referencing Criminal Referrals, we have prepared the following review of the above criminal referrals prior to RTC forwarding same to the Department of Justice.

II. SCOPE:

In preparing this report, we have reviewed each criminal referral along with its respective accompanying exhibits as originally prepared by the KCO Investigations Department. Additionally, we have reviewed all documents within the professional liability files as well as Madison Guaranty Savings & Loan Association's Special Counsel Investigative Report prepared March 3, 1987 by the law firm of Borod & Huggins, Memphis, Tennessee. We base our conclusions solely on our review of these documents.

HOUSE
000909

PLS0001S

III. SPECIFIC REVIEW:

A. Analysis of Individual Referrals

1) CR0190:

Estimated Loss:	$135,000
Date of Violation:	10/25/85
Individuals Suspected of violation:	James McDougal Jim Guy Tucker John Latham Don Denton
Corporations/Partnerships (unnamed as violators but cited as relevant to the crime):	Madison Financial Corporation ("MFC") Mid-South Title Quapaw Title

Our concerns stem from the following issues:

1. Does this referral violate any plea bargain or immunity relating to Latham's guilty plea?

2. Why isn't George Betts named as a suspect if the appraisal is alleged to be fraudulently made?

3. Why isn't Quapaw Title or Andrew Clark named in the referral if the multiple October 29, 1985 title commitments are allegedly fraudulent?

4. Where are the loan documents for subject LN#7001347; LN 3004-70?

5. Is "LN7001347" as stated in memo (Exh.E-1) the same as "LN3004-70" stated on the remitter line of $125,000 cashier's check #LN3211? Which is the correct loan Jim Guy Tucker agreed to repay?

6. What was(were) the stated purpose(s) for which Jim Guy Tucker officially agreed to use the $260,000 proceeds?

7. Was the loan ever in default?

8. Is Jim Guy Tucker a silent partner on MFC's Castle Grande transaction? Was MFC Tucker's nominee?

9. Who actually received the $93,620 "profit from sale"? MFC, McDougal or Tucker?

10. Did Jim Guy Tucker and Betty Tucker list the $93,620 "profit from sale" on their 1985 income tax return?

11. Did MFC/MGS&L consider the $125,000/$93,620 transaction a capital contribution?

12. Why are the alleged #3004 loan proceeds ($260,000) divided into 2 cashier's checks (#LN3211 and #LN4731) that were disbursed on two separate days, four days apart?

13. Who is Irene Garner? Was the ARM Saver's loan adjustment on 10/1/85 significant or a mouvating factor for the above (Q;#12) discrepancy?

2) CR0192:

Estimated Loss:	$50,000
Date of Violation:	April/May 1985
Individuals suspected of violation:	James McDougal J.W. Fulbright
Corporations/Partnerships (unnamed as violators but cited as relevant to the crime):	White Water Development, Inc. ("WWD") Madison Financial Corporation ("MFC") Earth Mover's Inc. Rigg's National Bank

Our concerns stem from the following questions:

1. What do the White Water Development partnership documents provide regarding loans to the partnership by a partner?

HOUSE

2. Was McDougal entitled to the pre-paid "bonus" he received and which he then directly paid into the White Water Development account?

3. Did McDougal report this bonus on his 1985 tax return?

4. Did the bank suffer any loss as a result of the $20,000 payment made to Fulbright from McDougal?

5. Into whose account at Rigg's National Bank was the Fulbright cashier's check #Q2704 deposited? Whose name? Ownership?

6. Regarding MGS&L cashier's check #LN2644:
   a) Who was the signatory?
   b) Who was the payee?
   c) Who was the remitter?
   d) Who asked the cashier check Teller for the Check?
   e) On whose authority did the Teller cut the cashier's check?
   f) From what proceeds did the check originate?

In addition, we would recommend that this referral include a copy of White Water Development partnership documents.

3) CR0195:

Estimated Loss:	$8,932,900
Date of Violation:	1/20/84 and 3/4/86
Individuals suspected of violation:	James McDougal Susan McDougal John Latham Greg Young Bill Henley
Corporations/Partnerships (unnamed as violators but cited as relevant to the crime):	Madison Financial Corporation ("MFC") Campobello Maple Creek Whitener/Whitener Construction/Whitener & Assoc. Madison Marketing Madison Real Estate Designer's Construction

HOUSE

000912

PLS0004S

Our concerns stem from the following questions:

1. Has the Statute of Limitations expired?

Absent any evidence of an ongoing conspiracy, whose object had not been accomplished until the final date of suspected activity, this referral is void due to the statute of limitations' expiration. In order for the statute of limitations to be valid under 18 U.S.C. § 3293, pursuant to FIRREA, the suspected activity could not have occurred prior August 9, 1984.

2. Does potential double-jeopardy exist regarding John Latham, James McDougal?

If the same funds or property involved in Latham's plea agreement and McDougal's acquittal are involved, potential double-jeopardy exists.

This referral's primary exhibit (Exhibit A-1-7) appears to have created the exhibit from various bank statements of MFC's checking account. This exhibit, however, does not appear to include all debits and credits of the entire account. Additionally, the re-created bank statement Exhibit A-1-7 is, itself, is missing a significant number of pages. Exhibit A-1-7 only reflects pages 7, 15, 22, 36, 47, and 95. he underlying documents upon which the created exhibit is based.

4. When was the alleged $8,932,900 "investment" made in MFC?

The referral references the "3/4/86 violation of 7.7%". Presumably, the $8,932,900 figure represents this 7.7% investment.

Federal banking regulations allow the parent institution (MGS&L) to invest 6% in its subsidiary (MFC) without being in violation of the regulation.

According to this referral, MGS&L's 7.7% investment in to MFC is $8,932,900. If we reduce this 7.7% figure to 1.7% (6% is allowable by federal regulation), the remaining 1.7% investment figure is $1,972,198.50. As a result, only $1,972,198.50 can be at issue and the subject of possible criminal violation.

The referral states on page 9 "... there is no evidence that the 7/11/86 overdraft ever occurred." This alleged "overdraft" may, in fact, represent MGS&L's 1.7% investment overage, not an overdraft.

5. Was the alleged deficiency actually charged off by either the institution or the FDIC/RTC?

6. Is the $1.9 million overdraft/investment-overage the subject matter of the civil settlement with Frost & Co.? HOUSE

7. What does the phrase "causing the institution to be AT RISK for PLS0005S

$8,932,900" mean with regard to criminal conduct? Is this an attempt to bring criminal charges against Frost & Co. for civil settlement as set forth in the FDIC v. Frost & Co. accountant liability civil case; as well as Bill Henley with regard to his civil settlement?

It is important to note that all the issues in this referral are identical to the fact allegations within Madison's accountant's liability civil suit that the RTC settled in April, 1993. The central issue in the RTC's suit against former Madison accountants, Frost & Company was what the RTC claimed was audit failure in connection with Frost's audit of MFC, a Madison subsidiary. Frost's audit indicates a profit of $830,000, calculated as follows:

12/85	MGS&L investment in MFC	$5,031,000
	Shareholder Equity	$ 975,000
	Profit	$ 830,000

When Peat Marwick was retained to review Frost's audit workpapers, Peat determined that, contrary to Frost's audit report, the institution had actually sustained a multi million dollar loss on this transaction, calculated as follows:

12/85	MGS&L investment in MFC	$2,621,000
	Shareholder Equity	<$5,635,000>
	Loss	<$5,789,000>

8. If so, does this referral subject Frost & Co, and Bill Henley to any Halpier considerations?

9. What releases did Frost & Co. and Bill Henley obtain from the institution and/or its successors (RTC) as set forth in the respective Settlement Agreements?

4) CR0196:

Estimated Loss: $50,000

Date of Violation: 4/4/85

Individuals suspected of violation: James McDougal
Charles Peacock, III
Bill Clinton Political Committee Fund

HOUSE

Corporations/Partnerships (unnamed as violators but cited as relevant to the crime):

Madison Financial Corporation ("MFC")
Dixie Continental Leasing
Flowerwood Farms, Inc.
Bank of Cherry Valley
White Water Development Corporation
Quapaw Title

Our concerns stem from the following questions:

1. Is this transaction related to CR0211?

2. Does this referral involve funds for the same transaction on which McDougal was indicted/acquitted (ie, 145th Street Property / Castle Grande?)

3. Where is the proof of ownership of White Water Development Corporation? Have we examined the partnership documents or bank signature cards?

4. What facts do we possess that indicate the Political Campaign Fund knowingly received "misappropriated" bank funds as alleged in the referral?

5. How did Peacock divert cashier's check #Q2497 and #Q2598 on April 4, 1985 when the loan proceeds (#LN2354) of which they allegedly were a part were not disbursed until April 5, 1985?

6. Could the four $3,000 checks be relevant to a fund raiser event for couples (ie, banquet, gala, etc.) for which the tickets cost $1,500 a person (in 1985, the legal limit was not $1,000 but was $1,500)?

All the checks in question are for the amount $3,000.

Check no.:	#Q2497 (cashier's ck)	(remitter) Ken Peacock
	#Q2498	Dean Lundrum
	#Q2496	J.W. Fulbright
	#688 (personal ck)*	Susan McDougal

["joint account for either Susan or James McDougal]

All the checks in question were drafted on April 4, 1985.

HOUSE

7. Is the name of the spouse/escort also required by law to appear on the face of the campaign contribution (check) before the Campaign Fund may deposit the check if obtained in the course of a fund raiser event?

8. Has the statute of limitations expired on the Arkansas state campaign contribution statute? (Arkansas campaign contribution statute is a misdemeanor.)

9. What is the purpose of the reference to the Bassett memorandum?

References to the Bassett memo appear to be inconsistent with the information contained in criminal referral data (CR0199). This is particularly true in light of the fact that the HUD laws were complied with, resulting in no violations of that statute.

12. Why does the referral reference Hillary Rodham Clinton and the Arkansas Security Department. There is no explanation of their alleged involvement in the actions that are the basis for this referral.

5) CR0198:

Estimated Loss:	$116,200
Date of Violation:	2/29/84 through 1/15/86
Individuals suspected of violations:	James McDougal Jim Guy Tucker Bill Henley Lisa Auspaugh

Our concerns stem from the following:

1. Does potential double-jeopardy exist regarding James McDougal?

2. Has the Statute of Limitations expired?

Absent any evidence of an ongoing conspiracy, whose object had not been accomplished until the final date of suspected activity, this referral is void due to the statute of limitations' expiration. In order for the statute of limitations to be valid under 18 U.S.C. § 3293, pursuant to FIRREA, the suspected activity could not have occurred prior August 9, 1984.

HOUSE

3. Why isn't Chris Wade named in the referral as a suspect?

C00916

PLS0008S

4. Why is Tucker a suspect? Where is Tucker's liability? How did Tucker benefit? There's no indication he received any benefit, nor is there any indication Madison was harmed. Madison as paid back the entire $45,000 plus principal, interest and late penalties.

5. Was Tucker Chris Wade's nominee pursuant to the original purchase contract?

6. Why is James McDougal named in the referral?

7. Where is the evidence that Design Construction made a kickback of funds to Wade or Tucker?

8. Is this an attempt to bring criminal charges against Bill Henley for the same transaction as Madison earlier civilly settled with Henley?

9. What was the actual value of the property when Archie Hearn purchased it? Did he pay any cash on top of the $73,800?

10. What was the appraised value of the property when Tucker became owner?

6) CR0199:

Estimated Loss:	$390,000
Date of Violation:	1984 through 1985
Individuals suspected of violation:	James McDougal Chris Wade Sheffield Nelson Jerry Jones Larry C. Wallace John J. Flake
Corporations/Partnerships	Ozark Realty Ozark Air Service, Inc. Head Harbor Holding, Co. Campobello Properties Venture

Our concerns stem from the following questions:

1. Has the Statute of Limitations expired?

Absent any evidence of an ongoing conspiracy, whose object had not been accomplished until the final date of suspected activity, this referral is void due to the statute of limitations' expiration. In order for the statute of limitations to be valid under 18 U.S.C. § 3293, pursuant to FIRREA, the suspected activity could not have occurred prior August 9, 1984.

2. The exhibits tell a different story than the referral: in particular a) chronological order of events; b) ownership; c) partnership interests; and d) exchange of funds.

3. To what account was the $373,250 deposited?

4. What is illegal about Union National Bank issuing a line a credit of which was drawn down over an 8 month period?

5. How was Jerry Jones benefitted? Larry Wallace? John Flake?

Based on referral exhibits, Jones, Wallace and Flake have a basis for a civil claim because they were injured.

6. Why does the referral claim the Interstate Land Sales Act was violated?

Exhibits and deposition testimony indicate the sales were withheld over a year so that no violation actually occurred.

7) CR0293:

Estimated Loss:	$313,000
Date of Violation:	1/1/84 through 6/18/89
Individuals suspected of violation:	E. Patrick Harris James McDougal

Our concerns stem from the following questions:

1. Has the Statute of Limitations expired?

HOUSE
C00318

PLS0010S

Absent any evidence of an ongoing conspiracy, whose object had not been accomplished until the final date of suspected activity, this referral is void due to the statute of limitations' expiration. In order for the statute of limitations to be valid under 18 U.S.C. § 3293, pursuant to FIRREA, the suspected activity could not have occurred prior August 9, 1984.

2. What is the appraised value of property on 1/1/84?

3. Why not a referral on George Betts if subsequent appraisal is suspicious?

4. Why not a referral on Abernathy Development?

5. Where is the extra $174,000? Are we not interested in where it went?

6. Why does the referral say "Harris netted more than $50,000" from this transaction? Pursuant to Exhibit E-4 Harris did not net $50,000.

7. Did Bill Henley purchase this building with Harris (as Harris stated)?

8. If Henley did purchase the building with Harris, did Henley take this transaction as a tax deduction for 1983, 1984 or 1985? He stated this was his purpose for the transaction in the Borod & Huggins interview.

8) CR0210:

Estimated Loss:	$50,000
Date of Violation:	1/10/85 and 2/22/85
Individuals suspected of violation:	James McDougal Lorene McDougal Andrew Clark

Questions:

1. Are Mr. and Mrs. Hall ficticious?

2. Is Mrs. Lorene McDougal alive?

3. Where are the loan records for #2187?

4. Where are the bank statements for Lorene McDougal's personal account? (in order to verify what funds went in and out of her account).

5. How do we know the two transactions are related? What proof do we have to verify the relationship?

6. Did Mrs. McDougal have knowledge the transaction went on in her name?

7. Is the signature on the back of Quapaw check #461 Mrs. McDougal's?

9) CR0211:

Estimated Loss: $950,000

Date of Violation: 4/4/85 through 10/4/86

Individuals suspected of violation: James McDougal
Susan McDougal
Charles Peacock, III

Our concerns stem from the following questions:

1. Is there any significance that the beginning date of this referral is the same as CR0196?

2. Why isn't Latham named in the referral? Is it because this transaction was part of the original plea agreement regarding his prior indictment?

3. Why isn't Andrew Clark named in the referral?

4. Which county is the property located? Saline or Pulaski? Are we discussing the same piece of real estate?

5. How do we know both Dixie Leasing and K&D Construction are owned by Peacock? Who else has ownership interest in the corporations?

6. Does this referral have anything to do with RTC CR0001?

7. The referral says "...the sale proceeds were used to make down payment of the 145th Street track." Is this the same property /

HOUSE
CC0220
PLS0012S

funds that were the subject of the criminal indictment of McDougal? If so, potential double jeopardy exists with regard to James McDougal.

8. Is the $434,000 RTC charge off actually the balance of the $513,273.77 figure paid to K&D by MFC? Or is the $434,000 an additional amount to the funds paid by MFC?

9. How did we arrive at this $950,000 loss figure?

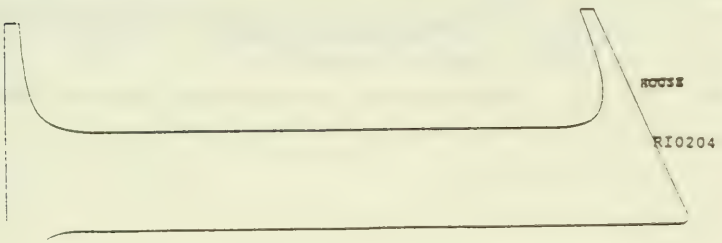
10. Why is the "Chart of Nepotism" attached when most of the names are not part of the referral?

11. How do we know, and what evidence supports, the $513,000 payments went into this project?

12. Were these MFC payments for work K&D performed on this property (Castle Grande) or some other property?

To: Jane M. Jankowski@OLA@RTCKC
Cc: L. Richard Iorio
Lee O. Ausen
Michael X. Caron
Bcc:
From: L. Jean Lewis@INVEST-1@RTCKC
Subject: re: madison guaranty
Date: Wednesday, November 10, 1993 13:24:34 CST
Attach:
Certify: N
Forwarded by:

Hey you! Just a heads up to let you know that Mike Caron, Senior Criminal Investigator, is now the lead investigator on Madison...so anymore faxes you send should come to Mike's attention, and any further communication about Madison should go to him, too. The Powers That Be have decided that I'm better off out of the line of fire (and I ain't arguing), but please let me assure you, that we are leaving you in very capable hands! Got any questions beyond that, ask Lee or Richard...



close an investigation. So during that period of time, the amount of attention that I could spend on any one matter was relatively small.

In the context of the Madison lawsuit, I believe that the only depositions that I attended were the expert depositions. And as I've said, I tried to review the more significant pleadings. If there had been a trial, I would have attended the trial.

Q You mentioned the spring of 1991. What happened in the spring of '91?

A The case was settled. We accepted somewhat over a million dollars from the accountant's malpractice insurance carrier and dismissed the lawsuit.

Q When you say spring, that was about May?

A To the best of my recollection, I submitted the recommendation to settle in February, 1991. I do not remember the exact date. And I believe that it took until about April of 1991 to complete the settlement documents and receive the money.

Q Did that settlement essentially end your involvement with Madison Guaranty?

A Yes.

Q After April or May of 1991, when was the next time you heard of Madison Guaranty?

A I believe that in either late August or early

To: John E. Ryan@CEO@RTCDC
Ellen B. Kulka@Legal-sc@RTCDC
Thomas L. Hindes@Legal-pls@RTCDC
Mark Gabrellian@Legal-pls@RTCDC
Peter E. Knight@OGR@RTCDC
Cc:
Bcc:
From: April A. Breslaw@Legal-pls@RTCDC
Subject: Congressman Leach's statement
Date: Thursday, March 24, 1994 17:43:33 EST
Attach:
Certify: N
Forwarded by:

As you may know, Congressman Leach made a statement regarding the so-called "Whitewater" affair on the floor of the Congress today. At one point, he made specific reference to me. I want you to know that I categorically deny making the statement which he attributed to me. Mr. Leach said:

> On February 2, 1994, the day Roger Altman briefed the White House on Madison Guaranty, RTC Senior Attorney April Breslaw visited the Kansas City Office and said that Washington would like to say that Whitewater caused no losses to Madison.

I have never met Mr. Altman. I did not know that he was briefing the White House on February 2, 1994. On that date, I had not met either Ms. Kulka or Ryan. I did not say that anyone from Washington "would like to say" thing.

I would note that Ms. Lewis purports to be a "criminal" investigator. As such, she may not understand that in order to pursue a civil case, the plaintiff must be able to demonstrate that it sufferred a loss. (Of course, if a criminal defendant is shown to have caused monetary loss, he or she may be sentenced to make restitution if he or she is convicted. In that sense, "loss" is relevant to criminal matters.)

In any event, I met with Ms. Lewis briefly to see if she could shed some light on this element of the civil investigation. At the time, she seemed nervous and uncomfortable about the fact that her criminal referrals do not resolve the loss issue. She could not answer the main questions that I asked: What was the ending balance of the Whitewater checking account? Was it left in overdraft status, which would have meant that a loss occurred?

It's my opinion that the defensive, political slant to her statement is simply an effort to draw attention away from her embarrassment over failing to document a key element of the investigation.

If at all possible, I request that the RTC issue a statement which clarifies the fact that I am not a political appointee, that I did not act at the request of political appointees, and that I categorically deny making the statements attributable to me. Thank you for considering my request.

HOUSE

AT0128

March 28, 1994

NOTE TO FILE:

On Friday, March 25, 1994, Ellen Kulka (General Counsel) had a meeting with Tom Hindes and April Breslaw (PLS). This meeting was the result of Cong. Jim Leach using April Breslaw's name on the House floor the afternoon before (March 24). The meeting commenced at approximately 3:45 p.m.

Ellen started by saying -- with respect to conversations that you and Jean Lewis had, and subsequent conversations, tell me what you remember.

April Breslaw began by saying that she only had one conversation with Jean Lewis in Kansas City and she had never met her before that day. April says she believes that she had talked to her by telephone one or two times before, but since Jean handles criminal investigations and April is on the civil side, their conversations were rare. April says that she was sent to Kansas City with Gary Watts from the Investigations Section. She say she spent most of the day in the converence room looking at records, Board minutes and work papers on transactions. At that time we were trying to establish the loss figures on transactions.

Gary was working on spreadsheets. During the course of the day they would come up with questions and call in different investigators to ask their questions. April, Gary and all the investigators, with the exception of Jean Lewis, went to lunch together that day.

At the end of the day, April says that she stopped by Jean's office. Mark Gabrellian had asked April to try to form an understanding about whether the White Water checking account had caused a loss. April said that she only had a passing knowledge of what that involved, but Jean was the primary person to talk to. April said that she went to Jean's office. April said that Jean considers her role very, very, very important. Jean insisted that she close the door. April stated that she thought this was a very secretive way to handle the meeting.

April stated that she sat down and talked. In her notes, she puts the time of the meeting at about 3:50 and ending at approximately 4:30 p.m. It was definitely the end of the day.

April said that they began talking. Because the two of them had never met face-to-face before, the first part of the conversation was just "chitty-chat" like how die you get into RTC, or where die you work before. April said that she then asked Jean how it had come to happen that she had decided to delve into Madison for criminal referral process in 1992. April said that by this time, the agency had lost the D & O case, the bond investigation was settled and she does not recall looking at other criminal

proceedings against McDougal. One or two had already pled guilty. In the Spring of 1992 McDougal was acquitted.

As we were talking, I asked Jean why she went back to Madison. It seemed to me that Jean was defensive. She said that the Presidential campaign news accounts about Madison had caught her attention. She was defensive - taking institutions out of order, going back in. She admitted that she took it out of order. April said that she could not remember how she explained it.

As a side note, April said that there were rumors that Jean is very active in the Republican party. April stated that she does not know if this is true. She said that if Jean had received a republican lean, it might be reason to take a closer look.

April said that she told Jean that we had been getting inquiring in Washington about Whitewater. She said she told her that Ellen and Jack Ryan had been getting inquiries (she said that she was thinking of the tolling agreements and the D'Amato letter.) April said that this was the only point where she mentioned Ellen Kulka and Jack Ryan.

April says that she denies saying that Ellen Kulka or Jack Ryan wanted a particular outcome or wanted the loss numbers to be anything. She said that part of her statement is offensive to me personally.

April said the two of them proceeded to talk about what is loss. She said that she looked at her notes and most of the conversation was devoted to Jean explaining her theory of loss. Another 15 minutes were devoted to Jean discussing the Clintons and their relationship to McDougal, and how the Clintons should have known what a bad person McDougal was and how McDougal was fishy with investments. April said that she did not respond to Jean's comments. April said the only time she challenged Jean was when she said that Bill Clinton, being Governor of Arkansas, must have known that the Savings and Loan was involvent. April said that she took issue and said that from the private sector point of view the S&L was not insolvent. April said that the purposedly did not want to get into a debate with Jean -- she only wanted factual information. April said that the day was very strange.
April said that the investigators seemed to have a negative view of the Rose Law Firm, and April had hired the Rose Law Firm. April said that she was determined to be calm and professional and make a conscious effort not to pick any fights or have anything unpleasant happen because she was thinking long-term that an investigation might be in the works. She said that she did not make any notes of this conversation with Jean.

Ellen asked April if she thought the conversation had been recorded. April answered no and said that if the conversation was recorded, she was not advised that it was being recorded.

Ellen asked her how did she know that the investigators were

unhappy about the Rose Law Firm?

April answered that in about August, she started getting requests for the closed PLS files from Julie Yanda. Julie said that they were working on a criminal referral out there. April said that the files were stored on the FDIC side. She said there was no point of sending closed files to field when RTC offices were opened. April made arrangements for her secretary to xerox things and sent them to Julie. She said that she had copies of a couple of E-mails and short correspondence to Julie with the files. April stated that she thinks that the files were provided to the investigators.

April stated that the scope of the project would have been Jim Thompson's, head of business office and supervisor of investigators. However, he called her to apologize for the way it turned out. April said that Jim had asked the investigators to take another look at Bond and D&O claims. April could not understand why he did.

April stated that that only reason to go back to a closed case was to question decisions that were made before. April said they went back and tried to do a review of conflicts issues with Rose Law Firm. She said that none of the investigators in Kansas City are attorneys but they made an attempt at looking at the potential conflicts that may have aisen with the Rose Law Firm.

April stated that when the Kansas City investigation report was issued, no one had interviewed her and she did not know this was happening. She said that the document did not reflect that it was an investigation survey or re-review of Madison claims. April said that there was no point where anyone told her they were looking into this. She said she was out of the loop. April said that she did not know why Julie requested the files and gave them to the investigators.

April stated that when the report was issued, it was sent to Tom Hindes and Jim Dudine. April did not receive a copy. She said that she could not understand why they had gone back into the institutions files and taken a second look at the closed claims. She stated that they agreed with the conclusions. If they had not, it was a way to criticize the attorney. April said after the report was issued, she did not talk to Jean about Madison.

April said that Jim Thompson called her to say he had changed responsibilities. He had not seen the final report until it had been sent. Jim said that he had asked them to kook at the Bond and D&O issues and not look at the Rose Law Firm.

Ellen asked April -- did you ask him why?

April answered No, that he was a Vice President and she was a staff person.

Tom Hindes said that he had received the report, looked at it and

stuck it in the file.

April then went on to say that she had heard an allegation floating that at some point during Seth Ward's investigation that Webb Hubbell had told somebody about the outcome of the case. April said that there may be a statement on record to that effect. April also said that the outcome of a case is a matter of public information. She said she was confused why the allegation that he informed him of the case was in the report.

April said that towards the end of the report is stated that further investigation was warranted. She said that when the report came in, she became irritated with the way it had been done, but she did not argue with the investigators. She said that she made it a point not to call or write. She felt that no response from her was the best way.

Then a new report was out and by then FDIC had started inquiries concerning conflicts of the Rose Law Firm. It was approximately December or January that OCOS had started asking questions in Kansas about the Rose Law Firm. They talked to Julie Yanda and to the investigators. FDIC is taking responsibility for hiring Rose Law Firm. RTC should not be looking at Rose. April said that she would live by what they concluded.

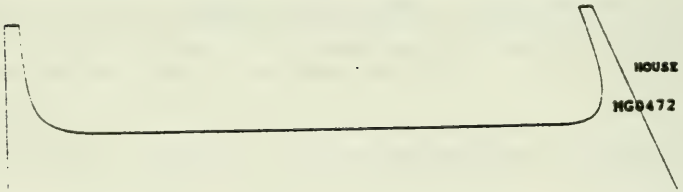
Iorio sent an E-mail saying he had done a report on the Rose Firm and he would send a copy to Tom. April did not have a direct conversation with him. April said it made her feel a bit cautious with them. She felt she had to be very careful.

Mark asked her to go to Kansas City in February. She thought this would be a good chance to make thinks on even keel. She wanted to be very professional and calm, and listen to what they had to say. April said that they were drafting something that day when one of the investigators walked in with something. She said that she could not remember what. She will have to check her records. Could have been the D'Amato response.

To: Mark Gabrellian@Legal-pls@RTCDC
Cc:
Bcc:
From: April A. Breslav@Legal-pls@RTCDC
Subject: senate doc's
Date: Tuesday, June 28, 1994 15:31:45 EDT
Attach:
Certify: N
Forwarded by:

I have the impression that we're in the midst of producing doc's to the SEnate banking committee in anticipation of the hearing scheduled for the end of July. If anybody is considering producing anything that has anything to do with my conversation with Jean Lewis, I'd like to talk about whether it's responsive to the committee's request. It's my understanding that the senate rejected amendments which might have brought this incident into the scope of the hearings.

At a personal level, I strongly request that everybody be careful not to inadvertently produce anything to do with the Lewis conversation. Such production could very well throw me into another situtaion in which I'm blindsided by crazy members of Congress who are playing to the press. If that happens, I'm not going to let myself get slammed. I will start telling my side of the story to the press and the chips will just have to fall where they may.



RTC

RESOLUTION TRUST CORPORATION

Resolving The Crisis
Restoring The Confidence

August 12, 1994

MEMORANDUM TO: L. Richard Iorio
Director of Field Investigations

FROM: Thomas L. Hindes
Assistant General Counsel

SUBJECT: Administrative Leave

You are hereby placed on Administrative Leave to be effective immediately upon receipt on August 15, 1994. You will return to active duty status effective the beginning of your tour of duty on August 29, 1994. This status provides you continuation of full pay and benefits.

You are restricted from all RTC offices including all locations in the Kansas City Metropolitan area. You may make arrangements with Jack W. Newcomb to remove any personal items you have at your work station. Your FDIC/RTC Identification Card must be returned to Mr. Newcomb.

Your Time and Attendance forms will be completed and processed to reflect Administrative Leave during the time in which you are in this status.

Please note that during this period of Administrative Leave, you are prohibited from engaging in any kind of outside employment.

If you have any questions you may contact Randi L. Mendelsohn, Chief, Employee Relations, OHRM, at 202-736-0908.

ROOSE

801 17th Street, N.W. Washington, D.C. 20434

RI0003

RTC

RESOLUTION TRUST CORPORATION

Resolving The Crisis
Restoring The Confidence

August 12, 1994

MEMORANDUM TO: Leland O. Ausen
Supervisory Investigator

FROM: Thomas L. Hindes
Assistant General Counsel

SUBJECT: Administrative Leave

You are hereby placed on Administrative Leave to be effective immediately upon receipt on August 15, 1994. You will return to active duty status effective the beginning of your tour of duty on August 29, 1994. This status provides you continuation of full pay and benefits.

You are restricted from all RTC offices including all locations in the Kansas City Metropolitan area. You may make arrangements with Jack W. Newcomb to remove any personal items you have at your work station. Your FDIC/RTC Identification Card must be returned to Mr. Newcomb.

Your Time and Attendance forms will be completed and processed to reflect Administrative Leave during the time in which you are in this status.

Please note that during this period of Administrative Leave, you are prohibited from engaging in any kind of outside employment.

If you have any questions you may contact Randi L. Mendelsohn, Chief, Employee Relations, OHRM, at 202-736-0908.

801 17th Street, N.W. Washington, D.C. 20434

RC0038

RI0012

RTC

RESOLUTION TRUST CORPORATION

Resolving The Crisis
Restoring The Confidence

August 12, 1994

MEMORANDUM TO: L. Jean Lewis
Senior Investigator

FROM: Thomas L. Hindes
Assistant General Counsel

SUBJECT: Administrative Leave

You are hereby placed on Administrative Leave to be effective immediately upon receipt on August 15, 1994. You will return to active duty status effective the beginning of your tour of duty on August 29, 1994. This status provides you continuation of full pay and benefits.

You are restricted from all RTC offices including all locations in the Kansas City Metropolitan area. You may make arrangements with Jack W. Newcomb to remove any personal items you have at your work station. Your FDIC/RTC Identification Card must be returned to Mr. Newcomb.

Your Time and Attendance forms will be completed and processed to reflect Administrative Leave during the time in which you are in this status.

Please note that during this period of Administrative Leave, you are prohibited from engaging in any kind of outside employment.

If you have any questions you may contact Randi L. Mendelsohn, Chief, Employee Relations, OHRM, at 202-736-0908.

801 17th Street, N.W. Washington, D.C. 20434

RI0017

CAPITAL MANAGEMENT
CHRONOLOGY OF EVENTS

09/30/92 David Hale notified SBA that Capital Management's private capital was increased by $13.8 million by donated assets.

09/15/92 Capital Management submitted an application for $6 million of leverage in the form of preferred stock.

A. 10/28/92 Certified letter to David Hale from Phyllis Dawson returning the licensee's application for $6 Million of leverage in the form of preferred stock.

Requested information on donated assets which formed the basis for the $13.8 million capital increase:

MILLION	
$11.5	Pool certificate of medical receivables
2.5	National Building Supply unrestricted, registered common stock
$13.8	TOTAL

B. 11/12/92 OGC opinion on Capitalization & Borrowings of SBICs: Inclusion of Donated Assets in Private Capital for Leverage Purposes.

OGC concluded that donated assets are not to be included in regulatory capital until they are converted to cash.

C. 12/08/92 Certified letter to Thomas Anderson, Capital Management, from Marvin Klapp:

- Conditional approval of the $13.8 million capital increase but excluding the increase from Regulatory Capital until converted to cash.
- Approval of exchange of assets subject to the assets received being converted to cash within 120 days.
- Return of the $6 million application for funding because the licensee was ineligible for such leverage.
- Notice that the $1.4 million application for funding was being processed

12/09/92 Mr. Hale was notified that approval of leverage would be subject to a current regulatory compliance of Capital Management.

02/19/93 Meeting in AA/I's office with David Hale concerning the capital increase and leverage application.

D. 03/11/93 Examination report on Capital Management issued. Regarding the source of the contributed non-cash assets,

- Central Arkansas Community Development Corporation Development Company (CACDC) was the source of the contributed assets: National Building Supply (NBS) stock and the Medical Receivable pool certificate.

- A September 30, 1992, letter to CACDC from First Dominion Financial Group, the custodian holding the pool certificate, stated the pool certificate had been delivered by Concorde International, Ltd. (Concorde) which allegedly was an off-shore private investment company domiciled in the Grand Cayman Islands.

- Concorde probably was the source of the NBS stock.

- Thom Anderson, president of CACDC, refused to provide any information concerning the source of contributed assets included whether Concorde was the source.

03/26/93 Letter to David Hale regrading Examination Report findings.

E. 04/20/93 Letter from David Hale regarding the Examination Report findings.

F. 05/05/93 Briefing of Erskine Bowles and referral of Capital Management to the Office of Inspector General for Investigation.

G. 05/05/93 Chronology of events regarding Capital Management's application for leverage and subsequent referral to SBA's OIG for investigation.

H. 05/05/93 Letter to David Hale from Joseph Newell (faxed) acknowledging receipt of Mr. Hale's April 20, 1993, letter regarding SBA's March 26, 1993, and April 19, 1993 letters.

Among other things, this letter notifies Mr. Hale that the information sought regarding donated assets has not been provided; therefore, the matter has been referred to the Inspector General for investigation.

I. 05/05/93 Letter to Joseph Newell from David Hale (faxed) responding to his May 5, 1993, letter and expressing shock regarding the referral to the OIG.

05/06/93 Erskine Bowles' confirmation hearing before the Senate Small Business Administration occurred this date.

J. 05/13/93 Memo to Wayne Foren from Claude Cooper concerning a phone call from David Hale on 5/13 regarding a possible meeting with Governor Tucker on a Community Bank Concept.

K. 05/19/93 Briefing outline provided to Erskine Bowles as an update on the status of Capital Management.

Notified Mr. Bowles that Capital management defaulted on Debentures and that SBA was proceeding to liquidation. Capital Management cured the default and we didn't transfer the licensee to liquidation.

L. 06/14/93 Memo to Charles Mezger and Phyllis Dawson from Joseph Newell regarding a phone call Mr. Newell received from FBI Special Agent David Reign concerning Capital Management. He stated that he was working with the US Attorney's office on Capital Management and he requested specified information.

7/20/93 FBI obtained a warrant to seize Capital Management records. Vince Foster found dead in park. Capital Management's Records were seized on next day.

M. 8/04/93 Memo to Acting ADA/FIP from DAA/I notifying her of fraud against SBA by capital management based on information provided by US Attorney's office of Eastern District of Arkansas.

N. Undated Memo to ID committee from DAA/I notifying them of a meeting to be held on August 16, 1993 to consider transferring Capital Management to Liquidation.

O. 08/09/93 Briefing memo to Administrator Bowles from Wayne Foren on developments leading to possible criminal indictment of David Hale.

09/15/93 SBA appointed receiver of Capital Management. This was done with David Hale's agreement.

P. 09/21/93 Memo to Administrator Bowles providing him a status report on Capital Management and notifying him that David Hale was expected to be indicted on September 21 or 22.

10/22/93 Wayne Foren was reassigned by Administrator Bowles from the position of Associate Administrator for Investment to the position of Special Assistant to the Deputy Administrator.

INV 6-7-1

DATE: MAY 5 L ,

TO: Stephen Marica
Assistant Inspector General
for Investigations

FROM: Wayne S. Foren
Associate Administrator for Investment

SUBJ: Request for SSBIC Investigation
Capital Management Services, Inc.
License No. 06/06-5207

Capital Management Services, Inc. (CMS) was recently examined by the Office of SBIC Examinations (copy of Examination Report attached) which made the following statement in its transmittal letter:

> "We believe the donation and exchange of assets raises serious questions, such as potential conflict of interest transactions, which we could not pursue because of Mr. Anderson's refusal to answer our questions regarding CACDC's source of the stock and accounts receivable. Without additional information, we believe the potential for undisclosed material facts exists in the transactions, including the potential for illegal activity."

The examination of CMS was undertaken at the request of the Office of Investment because the licensee submitted an application for preferred stock leverage and our analysis of documents submitted in connection with the application raised serious questions about the source of $13.8 million of donated capital. It does not seem plausible that someone would donate $13.8 million to CMS for no consideration and with no strings attached. As noted in the Examination Report, the examiner's attempts to obtain all the facts (from the licensee's managers) pertaining to donated capital and disposition of assets to an Associate were unsuccessful.

Under the circumstances, we sought to obtain the facts through an Examination Letter (copy enclosed) addressed to the Board of Directors. Although our Examination Letter gives the licensee 30 days to provide the requested information, we received certain information after mailing the Examination Letter which requires that the matter be referred immediately to your office (see enclosed Memo to Files).

Please refer any questions on this matter to Joseph Newell, Director, Office of Investment, at 205-6515.

Your assistance is appreciated. OI/PETERSON/4/2/93:FINAL:MJG:4-5-93

cc: AREA II INV. 6-7-1 PETERSON
OIG OE-CHESTNUT CODE:D-4

PETERSON 4/6/93 DAWSON 4/6
NEWELL SHEPPERSON

GAC 002706

003198

PRIVILEGED AND CONFIDENTIAL

Date: June 14, 1993

To: Charles Mezger, Acting Director
Office of Examinations

Phyllis Dawson, Chief Area II
Office of Investment

From: Joseph L. Newell, Director
Office of Investment

Subject: Capital-Management Services, Inc.
Little Rock, Arkansas
License No. 06/06-5207

At about 4:00 P.M., I returned a call from:

Special Agent David Reign
Federal Bureau of Investigation
10825 Financial Centre Parkway
#2 Financial Center, Suite 200
Little Rock, Arkansas 72211.

His telephone number is (501) 221-9100. He advised that he had been referred to me by SBA's Office of the Inspector General.

He also advised that he was working with the U.S. Attorney's Office, and he requested the following information:

1. Copies of the SBA examiner's workpapers for the examination of the Licensee for the period ended November 30, 1992. He expressed an interest in "Findings" Numbers 1 and 2, but a greater interest in "Other Matters".

2. A copy of the prior examination report.

3. A copy of the Licensee's Preferred Stock Leverage Application filed October 8, 1992 and all related correspondence.

4. A copy of the Licensee's Annual Report, SBA Form 468, including the IPA Report, for the FYEs 6-30-91 and 6-30-92.

5. Copies of SBA Forms 1031 filed by the Licensee for the following SBCs:

   a. Autometrics
   b. Arkansas Commercial Realty
   c. Property Care, Inc.
   d. Cole Masonry & Construction, Inc.
   e. Midwest Consulting
   f. Med-A-Corp
   g. Incredible Closeout

6. Telephone numbers for Autometrics and Med-A-Corp which he said was known to the SBA examiner.

7. Copies of third-party correspondence (if any) seeking information from SBA about National Building Supply, Inc., and First Dominion Financial Group.

8. Copies of any prior referrals to the OIG re: Capital-Management Services, Inc. over the last five (5) years.

S/A Reign stated that the FBI inquiry, at this time, is limited to information available from other than "public" sources e.g. their files and SBA files but not SEC files.

Items numbers 1, 2 and 6 should be provided by the Office of Examinations directly to Special Agent David Reign. The balance of this request will be handled by the Office of Investment.

THIS INQUIRY SHOULD BE TREATED AS CONFIDENTIAL.

cc: Foren
Shepperson

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v. No. LR-CR-93-147

DAVID L. HALE, Little Rock, Arkansas
March 22, 1994

Defendant. 10:00 A.M.

COPY

PLEA

BEFORE THE HONORABLE STEPHEN M. REASONER,
United States District Judge.

APPEARANCES:

For the Plaintiff: U. S. Department of Justice
By: ROBERT B. FISKE, JR., ESQ.
Independent Counsel
RUSTY HARDIN, ESQ.
DENIS J. McINERNEY, ESQ.
Associate Counsel
2 Financial Centre, Suite 134
10825 Financial Centre Parkway
Little Rock, Arkansas 72211

For the Defendant: Skokos & Coleman, P.A.
By: RANDY COLEMAN, JR., ESQ.
425 W. Capitol Avenue Suite 3200
Little Rock, Arkansas 72201

Court Reporter: CAROLYN S. FANT
P. O. Box 1148
Little Rock, Arkansas 72203

Proceedings reported by machine stenography;
transcript prepared by computer.

Carolyn S. Fant
United States Court Reporter

P R O C E E D I N G S

THE COURT: Good morning.

MR. FISKE: Good morning, Your Honor.

THE COURT: The matter before the Court this morning is United States v. David Hale. Mr. Hale is present in the courtroom with Randy Coleman, his attorney. The Government is represented by Robert Fiske, Independent Counsel.

Are we ready to proceed, Mr. Fiske?

MR. FISKE: Yes, we are, Your Honor.

THE COURT: Mr. Coleman?

MR. COLEMAN: Yes, Your Honor.

THE COURT: Mr. Hale, let me ask you to go to the podium with your attorney, please.

If you will raise your right hand, I will ask the clerk to swear you.

(Defendant sworn.)

THE COURT: Mr. Hale, what is your age, sir?

MR.HALE: Fifty-two.

THE COURT: How much education do you have?

MR.HALE: Have a law degree. Undergraduate law degree.

THE COURT: Have you recently been treated by a physician or psychiatrist?

MR.HALE: No, sir.

THE COURT: Are you under the influence of any medication, alcoholic beverage, drug or anything that would impair your understanding of these proceedings?

MR. HALE: No, sir.

THE COURT: Mr. Coleman, have you had an opportunity to have a meaningful conversation with Mr. Hale this morning?

MR. COLEMAN: Your Honor, I have.

THE COURT: Do you have any doubt whatsoever as to his competency of waiving indictment?

MR. COLEMAN: No, sir, I do not.

THE COURT: Mr. Hale, have you been furnished with a copy of the proposed superseding Information in this case?

MR. HALE: Yes, sir, I have.

THE COURT: I'm going to ask either Mr. Fiske or someone he designates to please read the superseding Information.

MR. FISKE: Your Honor, Mr. McInerney will volunteer to do that.

THE COURT: Thank you, Mr. McInerney.

MR. MCINERNEY: Thank you, Judge.

In the case of United States of America v. David L. Hale, the Independent Counsel charges:

Count One, introduction. Paragraph 1. At all

times relevant to this Information:

(a), the Small Business Administration, SBA, was an agency of the United States Government with responsibility for providing financial assistance to small business investment companies, SBICs, in order to aid SBICs in lending money to small business concerns. Under the rules governing the SBA, it can loan an SBIC as much as $3- to $4.00 for every dollar of capital received by an SBIC, paid-in-capital.

(b), Capital Management Services, Inc., CMS, was a privately-owned SBIC located in Little Rock, Arkansas which specialized in making loans to what were represented to be socially or economically disadvantaged small business concerns.

(c), Defendant David L. Hale was an owner and the president of CMS.

The conspiracy, paragraph 2. From in or about September 1988, up to and including in or about March 1989, in the Eastern District of Arkansas and elsewhere, the defendant David L. Hale, and others known and unknown, unlawfully, willfully and knowingly did combine, conspire, confederate and agree together and with each other, to defraud the United States and its agency, namely the SBA.

The purpose of the conspiracy, paragraph 3.

The purpose of the conspiracy was to obtain money and property from the SBA by means of false and fraudulent pretenses, representations and promises concerning the paid-in-capital of CMS and the status of certain loans on the books of CMS.

Manner and means of the conspiracy, paragraph 4. It was a part of the conspiracy that defendant David L. Hale, with others known and unknown, would and did by deceit, craft, trickery and dishonest means, defraud the United States and its agency, the SBA, in that the defendant David L. Hale, with others known and unknown, knowing that the amount of paid-in-capital of CMS and status of loans on the books of CMS would influence the SBA to provide financial assistance to CMS, would and did, fraudulently and falsely, inflate the amount of paid-in-capital of CMS and misrepresent the true status of certain loans on the books of CMS.

Five, it was a further part of the conspiracy that on or about November 3, 1988, defendant David L. Hale, with others known and unknown, would and did cause $800,000 to be transferred from certain accounts at Prudential-Bache, $400,000 of which would eventually be transferred to a savings account of CMS.

Paragraph 6, it was a further part of the conspiracy that on or about November 4, 1988, defendant

David L. Hale, with others known and unknown, would and did cause CMS to receive the remaining $400,000 by way of cashier's checks purportedly in payment of certain delinquent loans previously extended by CMS.

Seven, it was a further part of the conspiracy that on or about November 4, 1988, the defendant David L. Hale would and did falsely represent to the SBA that $400,000 had been invested into CMS, as evidenced by $400,000 reflected in the CMS account, and that on the basis of the new private paid-in-capital, CMS would and did then apply for financing from the SBA in the amount of $900,000, and that in connection with said application defendant David L. Hale would and did also make false representations concerning the payment status of certain loans to entities through which the remaining $400,000 was passed.

Eight, it was a further part of the conspiracy that in or about November 1988, defendant David L. Hale, with others known and unknown, would and did cause CMS to transfer through several other separate entities the $800,000 referred to in paragraphs 5 through 7 above, back to the accounts at Prudential-Bache from which the money originally had been transferred.

Paragraph 9. It was a further part of the conspiracy that on or about March 1, 1989, defendant

David L. Hale, with others known and unknown, would and did cause $275,000 to be transferred from certain accounts at Prudential-Bache, of which $265,000 was transferred through various entities to CMS to make it appear as though those entities were making payments on delinquent loans with CMS.

Paragraph 10. It was a further part of the conspiracy that on or about March 3, 1989, defendant David L. Hale, with others known and unknown, would and did cause CMS to transfer through a separate entity the $275,000 referred to in paragraph 9 above, back to the account at Prudential-Bache from which the money originally had been transferred.

Eleven. It was a further part of the conspiracy that on or about March 13, 1989 defendant David L. Hale would and did make false representations to the SBA in connection with CMS's application to the SBA for financing, concerning the payment status of certain loans.

Twelve. It was a further part of the conspiracy that CMS would and did receive $900,000 in funding from the SBA as a result of the actions described in paragraphs 4 through 11 above, which funding was granted to CMS on March 21, 1989.

Overt acts, paragraph 13. In furtherance of

the conspiracy and to effect the objects thereof, the following overt acts, among others, were committed in the Eastern District of Arkansas and elsewhere:

(a). In or about September 1988, defendant David L. Hale had a meeting with Charles Matthews and a Prudential-Bache client of Charles Matthews;

(b). In or about October 1988, Eugene Fitzhugh opened an account at Prudential-Bache;

(c). On or about November 4, 1988, defendant David L. Hale caused $400,000 to be transferred to CMS;

(d). On or about November 8, 1988, Eugene Fitzhugh had discussions with an individual employed by McIntire Numismatic Auctions, Inc.;

(e). On or about March 3, 1989, defendant David L. Hale signed a check made payable to Liberty Mortgage, Inc. in the amount of $275,000.

(e), -- I'm sorry, (f). On or about March 3, 1989, defendant David L. Hale had a meeting with Charles Matthews and an individual employed by Liberty Mortgage, Inc.; and,

(g). On or about March 13, 1989, defendant David L. Hale signed a letter addressed to the SBA. That count is pursuant to Title 18, United States Code, Section 371.

Count Two, paragraph 14. The allegations

contained in paragraph 1 of this superseding Information are hereby repeated, realleged and incorporated by reference as though fully set forth herein.

Paragraph 15. From in or about 1985 through in or about 1991, in the Eastern District of Arkansas and elsewhere, defendant David L. Hale, and others known and unknown, unlawfully, willfully and knowingly devised and attempted to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, to wit, Hale and others devised a scheme, (a), to obtain money and property belonging to CMS and its shareholders by means of fraud and false and fraudulent pretenses, representations and promises, and, (b), to obtain money and property belonging to the SBA by means of fraud and false and fraudulent pretenses, representations and promises. It was a part and object of the scheme that Hale would and did, among other matters, one, make false statements to the SBA, and, two, misapply CMS and SBA funds for improper purposes.

Paragraph 16. For the purpose of executing and attempting to execute such scheme, Hale caused to be delivered by mail according to the direction thereon, mail matter and things, including but not limited to, an application for financing that Hale mailed to the SBA on

or about February 28, 1986. And that count is pursuant to Title 18, United States Code, Sections 1341 and 2.

And it's signed by Mr. Fiske.

THE COURT: Thank you for reading that, Mr. McInerney.

All right, Mr. Hale and Mr. Coleman, you can go back to the podium.

Mr. Hale, after hearing the superseding Information read, and I noticed you were following along with the printed copy with your lawyer, do you understand what you are charged with in the superseding Information?

MR.HALE: Yes, sir, I do.

THE COURT: Have you had an opportunity to discuss that with Mr. Coleman?

MR.HALE: Yes, sir, I have.

THE COURT: All right.

Now, there is currently pending an indictment against you that was returned by the grand jury on September 23, 1993 and -- well, actually that has been superseded by a superseding indictment that was returned in the early part of this year. Now, it's the Court's understanding that you wish to enter a plea of guilty to the Information -- superseding Information that's just been read. And upon acceptance of the plea, if the

Court accepts that guilty plea, it's your understanding the Government will move to dismiss the superseding indictment that's currently pending against you; is that correct?

MR.HALE: Yes, sir.

THE COURT: All right. Now, you do understand, do you not, that you have a constitutional right to be charged by indictment of a grand jury, but that you can waive that right and consent to being charged by a Information of the United States Attorney.

MR.HALE: Yes, sir.

THE COURT: If you waive indictment the case will proceed against you on the Information just as if you had been indicted.

MR.HALE: Yes, sir.

THE COURT: You understand that?

MR.HALE: Yes, sir.

THE COURT: Have you discussed the matter of waiving your right to indictment by the grand jury with Mr. Coleman?

MR.HALE: Yes, sir, I have.

THE COURT: Any questions you want to ask me about that?

MR.HALE: No, sir.

THE COURT: All right. It is your desire then

to waive indictment?

MR. HALE: Yes, sir, it is.

THE COURT: Has any threat or promise been made to induce you to waive indictment?

MR. HALE: No, sir.

THE COURT: Mr. Coleman, do you see any reason why Mr. Hale should not waive indictment?

MR. COLEMAN: Your Honor, I do not.

THE COURT: All right.

Let me ask Independent Counsel to present the waiver of indictment form to Mr. Coleman and Mr. Hale so they can execute it.

(Waiver signed.)

THE COURT: All right. The Court finds that the waiver of indictment is knowingly and voluntarily made, and it is accepted.

I will ask the clerk to file the Waiver of Indictment form and the superseding Information. While she is doing that, I think there are some more seats scattered in the courtroom and we will take a break in place and let you folks that are standing there look for a seat in the courtroom.

You need to give the clerk a copy of the superseding Information so she can file it.

MR. McINERNEY: Certainly.

THE COURT: All right, Mr. Hale. I understand you wish to move forward at this time to enter a plea of guilty to the superseding Information; is that correct?

MR.HALE: Yes, sir.

THE COURT: All right. Now, I previously asked you some questions in the waiver of indictment proceedings. For the record I will review in summary fashion some of the earlier questions in order to determine that you are competent to go forward to enter the plea. You told me that you have a law degree?

MR.HALE: Yes, sir.

THE COURT: I believe you told us you have not recently been treated by a physician and or psychiatrist?

MR. HALE: No, sir.

THE COURT: You are not under the influence of any drug, alcoholic beverage or substance that would impair your understanding of these proceedings; is that correct?

MR. HALE: That's correct.

THE COURT: Mr. Coleman, I asked you earlier if you thought Mr. Hale was fully competent to waive indictment. Is that your opinion also about going forward and entering a plea?

MR. COLEMAN: That is my opinion, Your Honor.

THE COURT: All right. Thank you.

The Court finds that Mr. Hale is competent to go forward with the plea.

Now, Mr. Hale, since you are now under oath let me caution you if you were to make any false statement to me during these proceedings this morning that could be used against you in later proceedings for perjury or false statement.

Now, if you plead guilty do you understand you have to waive your right not to incriminate yourself because I will ask you questions about what you did in order to satisfy myself that you are in fact guilty and you would have to acknowledge your guilt. Do you understand that?

MR. HALE: Yes, sir.

THE COURT: All right. Let me ask you a couple of questions regarding your representation by Mr. Coleman. Is Mr. Coleman retained by you or appointed by the Court?

MR. HALE: Retained by me, sir.

THE COURT: Are you fully satisfied with his representation?

MR. HALE: Yes, sir.

THE COURT: Do you think there is anything he should have done that he did not do?

MR. HALE: No, sir.

THE COURT: Do you think he did anything he should not have done?

MR.HALE: No, sir.

THE COURT: Do you have any complaint whatsoever to make in regard to his services as your lawyer in this case?

MR.HALE: No, sir, I don't.

THE COURT: Now while ago I had Independent Counsel read the superseding Information and I noticed that you were following along with Mr. Coleman. Are you fully familiar with that?

MR.HALE: Yes, sir.

THE COURT: Do you need it to be read again?

MR.HALE: No, sir.

THE COURT: Now. do you further understand under the statute the maximum penalty for the offense charged under Count One is not more than five years' imprisonment and a $250,000 fine or both; and also under Count Two, a five-year imprisonment, $250,000 fine or both. These charges each carry a maximum sentence of five years' imprisonment, a maximum term of three years' supervised release, maximum fine of the greater of $250,000, twice the gross gain or twice the gross loss, and a mandatory special assessment of $50.00.

Therefore, the total maximum sentence of incarceration on both counts is ten years in prison under the statute. Do you understand that?

MR. HALE: Yes, sir, I do.

THE COURT: Now, in addition, any term of imprisonment would be followed by a term of supervised release or in all probability would, and if you were to violate the terms of supervised release you could be sent back to the penitentiary for that. Do you understand that?

MR.HALE: Yes, sir. Yes, sir.

THE COURT: Also you may be ordered to make restitution. Do you understand that?

MR.HALE: Yes, sir.

THE COURT: And what I just told you, as far as the sentencing, of course, is the maximum sentence under the statute. After you have been interviewed by a probation officer, the sentencing guidelines manual range will be computed by the probation office according to the United States Sentencing Commission guideline manual. The information gathered by the probation office from your interview and other related inquiries will influence the calculation of your sentencing guideline range.

Now, Mr. Coleman may have explained how the

sentencing guidelines operate and he may have given you an estimate of what he thinks your sentencing guideline range will be. However, at this point you need to understand, Mr. Hale, that neither your attorney, nor Independent Counsel, or me, for that matter, can tell you exactly what your sentencing guideline range will be. The only guarantee that you have is that your sentence will not exceed the statutory maximum and that I will follow the sentencing guidelines in sentencing you. Do you understand that?

MR. HALE: Yes, sir, I do.

THE COURT: Therefore, if your lawyer or anyone else has attempted to calculate the sentencing guideline range, you must realize that's only an estimate. Your actual guideline range may be higher or lower than what anyone has previously estimated. But what I want you to understand, if it turns out that what your sentencing guideline range is is something different than an estimate you relied on, that is not going to be a basis for you to withdraw your guilty plea. Do you understand that?

MR.HALE: I understand that.

THE COURT: Also, do you understand that, if I do accept your guilty plea this morning, that immediately thereafter, as Chief Judge of the Eastern

District of Arkansas, I will enter an order suspending you from practice in the federal courts in the Eastern and Western Districts of Arkansas and notify the disciplinary committee of the Supreme Court of Arkansas of the fact that you pled guilty. Do you understand that?

MR.HALE: Yes, sir.

THE COURT: Do you understand all the possible consequences of a plea of guilty to the superseding Information?

MR.HALE: Yes, sir.

THE COURT: How do you plead? Guilty or not guilty?

MR.HALE: Guilty.

THE COURT: Before I can accept your plea, I need to make certain that your plea is voluntarily made and made with the full knowledge of your rights and the possible consequences and also that you are, in fact, guilty. I want to review with you the rights you have under the Constitution and laws of the United States to plead not guilty and go to trial.

You will be entitled to a speedy and public trial before a fair and impartial jury. In fact, your trial is scheduled to begin Monday. At trial the Government would have to confront you with its witnesses

and Mr. Coleman would have the right to cross-examine those witnesses. At the trial you would be presumed innocent until such time, if ever, as the Government might establish your guilt by competent evidence beyond a reasonable doubt. At the trial you would be entitled to compulsory process, subpoena power, to compel witnesses to testify on your behalf. Finally, at trial you cannot be forced to testify unless you want to. Do you understand those rights I have enumerated for you?

MR. HALE: Yes, sir.

THE COURT: On the other hand, Mr. Hale, if I accept your guilty plea, there will be no trial. I will enter a judgment of guilty based on that plea and later, after I have studied the Presentence Report from the probation office, I will determine and impose your sentence. Do you understand that?

MR.HALE: Yes, sir, I do.

THE COURT: Now, I must know whether you are making the plea because you did commit the offense charged. Let me ask you: Is your plea the result of any threat or promise that's been used?

MR.HALE: No, sir, it isn't.

THE COURT: Is it the result of any force, either physical force or mental force, that's been used against you?

MR.HALE: No, sir.

THE COURT: Has anyone offered you anything of value --

MR.HALE: No, sir.

THE COURT: -- to come in here and plead guilty?

MR.HALE: No, sir.

THE COURT: Has anyone offered you anything of value to attempt to keep you from telling Independent Counsel the knowledge you have about these matters?

MR.HALE: No, sir.

THE COURT: And you still wish to plead guilty?

MR.HALE: Yes, sir.

THE COURT: I need to advise you that I'm not involved in plea bargaining in any way and I'm not bound by any plea agreement between you and the Government, if such has been reached. The power of sentence is vested exclusively with the Court. Now, I can allow Independent Counsel to dismiss counts, indeed to dismiss an indictment, in exchange for a guilty plea to the Information; but I cannot accept a guilty plea that's based on any understanding you think you might have about what sentence you are going to get. So I want to ask you: Did anyone lead you to believe when you came in here this morning and pled guilty you could count on getting a particular sentence from me?

MR.HALE: No, sir, they haven't.

THE COURT: Has anyone led you to believe if you came in here and pled guilty you would get a different sentence than if a jury found you guilty?

MR.HALE: No, sir

THE COURT: Now I need you to understand also that any recommendation of sentence is not binding on the Court, and on the basis of your guilty plea it would be possible for me to impose the appropriate sentence -- what I thought was the appropriate sentence under the law and you could not withdraw your plea just because you didn't like what I gave you. Do you understand that?

MR.HALE: Yes, sir.

THE COURT: Very well. Any questions you wish to ask me about anything we have covered so far?

MR. HALE: No, sir.

THE COURT: Let me ask Independent Counsel, please, to state the facts that would be developed at trial on the two counts in the superseding Information.

MR. HARDIN: Would you prefer I do it here or at the podium, Your Honor?

THE COURT: Do it at the podium please, Mr. Hardin.

MR. HARDIN: May it please the Court.

Your Honor, as to Count One, the evidence would show that Mr. Hale was part of a conspiracy with others, including Mr. Matthews and Mr. Fitzhugh, who have been indicted and are scheduled for trial separately, to defraud the SBA of $900,000. Specifically, the evidence would show that, among other things, that in November of 1988 and March of 1989 Mr. Hale and others caused over $1 million to be temporarily transferred into Mr. Hale's small business investment company, CMS, so that Mr. Hale could make it appear to the SBA that two things were present. Number one, that certain of CMS's non-performing loans had been paid off; and, number two, that CMS had $400,000 in new paid-in-capital. In fact, the loans had not been paid off and there was no real infusion of new capital in the CMS. Mr. Hale and the others did this so that Mr. Hale could qualify to receive $900,000 in funding from the SBA. As a result of their fraudulent actions, Mr. Hale's company did in fact receive the $900,000 in March of 1989.

With respect to Count Two of the superseding Information, the evidence would show that during the period of time from 1985 through 1991 Mr. Hale engaged in a scheme during which he caused his company, CMS, to make fraudulent loans to various individuals and entities in order to improperly and illegally benefit

himself and various other people. Specifically, the evidence would show that on numerous occasions throughout that time period Mr. Hale caused false statements to be submitted to the SBA concerning loans CMS made to numerous entities.

In addition, Mr. Hale received a large portion of the proceeds of a loan that he assisted others in improperly obtaining from Madison Guaranty Savings and Loan and then used those proceeds to obtain financing from the SBA.

That is what we would anticipate the evidence would have shown if there had been a trial on these two counts.

THE COURT: Thank you, Mr. Hardin.

Mr. Coleman and Mr. Hale.

Mr. Hale, did you hear what Mr. Hardin said?

MR.HALE: Yes, sir, I did.

THE COURT: Do you acknowledge the truth of that?

MR.HALE: Yes, sir, I do.

THE COURT: The money you obtained on account of this temporary deposit, who was that loan to?

MR.HALE: I'm sorry?

THE COURT: What happened to the money you obtained from the SBA by this plan?

MR.HALE: It was loaned out to various entities.

THE COURT: That's what I was asking. Who was it loaned to?

MR.HALE: I can't recall right off, Your Honor. I'm sorry, I can't recall that.

THE COURT: Were any of the entities entities that you had an interest in?

MR.HALE: I don't believe so.

THE COURT: Can you recall any of the entities?

MR.HALE: For that $900,000?

THE COURT: Yes.

MR.HALE: I believe there was one called Insurance Economist; I believe D and M Consulting. I just can't --

THE COURT: Were those entities that you think would qualify as socially or economically disadvantaged?

MR. HALE: Yes, sir, they would.

THE COURT: I understand from some of the pleadings and things that have been presented that at least some of the loans made by your business were made to entities that would not --

MR.HALE: Yes, sir.

THE COURT: -- meet the definition of socially and economically disadvantaged?

MR.HALE: Yes, sir, that's correct.

THE COURT: How did the SBA treat those kinds of loans?

MR.HALE: Well, they had their examiners come in and it's in their reports. I can't tell you right off-hand, sir.

THE COURT: Did they ever raise any question with you that some of these entities you were loaning money to didn't appear to be very disadvantaged, either socially or economically?

MR.HALE: On, I believe, two occasions.

THE COURT: What were those entities?

MR.HALE: I believe it was -- it might have be Castle -- County Cable, Cable Vision Management and D and L Telecommunications.

THE COURT: What did you have to do to satisfy them? Did they make you call the loans or what?

MR.HALE: No, sir.

THE COURT: Do you fully understand your obligation under the plea agreement to cooperate with Mr. Fiske?

MR.HALE: Yes, sir, I do. I certainly do.

THE COURT: Do you understand if you fail to give that cooperation to Mr. Fiske the plea agreement could be set aside? I could set aside this plea?

MR. HALE: Yes, sir, I do.

THE COURT: And you would go to trial on the superseding indictment?

MR.HALE: Yes, sir.

THE COURT: And are you prepared to give him all the cooperation he needs?

MR.HALE: I have been, sir, for -- and plan to continue.

THE COURT: Will that continue into the future?

MR.HALE: It continues as long as he desires.

THE COURT: You already told me no one has offered you any gift or favor to suppress the information that you have; is that correct?

MR.HALE: Yes, sir.

THE COURT: In the event that happens, will you immediately notify Mr. Fiske?

MR.HALE: Yes, sir. I will.

THE COURT: You still wish to plead guilty?

MR.HALE: Yes, sir, I do.

THE COURT: Mr. Coleman, do you know of any reason that Mr. Hale should not plead guilty to the superseding Information?

MR. COLEMAN: Your Honor, regrettably I do not.

THE COURT: All right.

Mr. Hardin, could you just give me a sense, if you would, of where you feel that the Government is

gaining from this plea agreement that you would not have if you went to trial Monday on the superseding indictment?

MR. HARDIN: If we had gone to trial -- first of all, we are not giving up anything in the Independent Counsel's position on the Information that's been pled. As the Court might note, the conspiracy count, Count One of this superseding Information, includes all the same conduct that is really alleged in the four -- in the previously pending indictment. We are giving up time, penitentiary time. In fact, what we are giving up is two years on two separate false statement counts and five years on the fourth count. So in that sense we are giving up potential time that the Court could sentence the defendant to. But the conduct that is alleged in Count One, the conspiracy, includes all of the conduct that is mentioned in other specific three counts that are being abandoned.

Secondly, of course, as the Court knows, Mr. Hale is pleading guilty to a pattern of conduct from 1985 to 1991 and in return for being allowed to do that, as far as the recommendation at least of Independent Counsel, he has, as the Court knows, agreed to fully cooperate. And we have, as Mr. Fiske will address, been already engaged in that for some period of time. I

think it is a fair statement that we feel the Independent Counsel is giving up nothing in the course of this plea and, indeed, instead is gaining a great deal through a man who has extensive knowledge in the areas we are investigating.

THE COURT: All right. Thank you.

Anything you want to add to that, Mr. Coleman?

MR. COLEMAN: No, Your Honor.

THE COURT: Well, I don't always automatically accept guilty pleas. I have refused to accept them on occasions and this morning, in fact, a pleading was filed in this court by a person that lives in Conway asking that the Court not accept this guilty plea, charging this was all part of a cover-up and a whitewash.

However, after listening to everything, it appears, first of all, that the conduct alleged in the superseding Information fairly represents the total conduct involved in this matter. Secondly, I am convinced by what Mr. Hardin tells me that the investigation into this entire Capital Management Services, Madison Guaranty, Whitewater affair is enhanced by Mr. Hale's cooperation than it would be having him in the status of a defendant trying to defend himself. And on account of that I can find nothing to

indicate that the plea agreement is part of any device to hinder the investigation. It appears from all I can see just the opposite.

MR. HARDIN: Your Honor if I might, primarily for the record, indicate that probably the record doesn't reflect clearly that there is a written plea agreement in this case and that the Court's understanding is basically also having reviewed a written plea agreement that's been filed in this case.

THE COURT: Yes, I read that. I read it this morning. However, Mr. McInerney, if you will come up I will give you a copy of this information that was filed with the Court.

MR. COLEMAN: Your Honor, I would like to affirm on the record, since the matter has come up, on behalf of Mr. Hale that certainly he is not participating in any circumstance of that sort. Indeed, just the opposite.

THE COURT: I think Mr. Hale understands if the opposite were true, this plea agreement can be set aside and he could end up going to trial on the superseding indictment. I think Mr. Hale and I don't have any misunderstanding about that.

All right, Mr. Hale, it will be the finding of the Court in this case that you are fully competent and

capable of entering an informed plea and your plea of guilty is a knowing and voluntary plea supported by an independent basis in fact containing each of the essential elements of the offense.

Your plea is therefore accepted and you are adjudged guilty of the offense set out in the superseding Information.

Mr. Fiske, what's your pleasure regarding the superseding indictment?

MR. FISKE: Well, Your Honor, if it is the practice in this district to dismiss it at this time, we would do that.

THE COURT: All right. I think the actual dismissal is made by the Government with leave of Court, and in view of the fact that the plea has been accepted, I will give you leave of the Court to do that.

Mr. Leighton, if you will come up just a moment?

All right. Mr. Hale is currently free on his personal recognizance bond. Is there any objection to him remaining in that status?

MR. McINERNEY: No, Judge.

THE COURT: All right. He'll remain in that status pending sentencing. Anything further we need to deal with?

MR. HARDIN: I believe we would like to formally file the plea agreement with the Court.

THE COURT: You may do that. Give it to the clerk, Mrs. Bowling. Note that filed in open court.

Anything further from the defendant, Mr. Coleman?

MR. COLEMAN: No, Your Honor.

THE COURT: I want to ask everyone, please, to remain seated and stay in their seat while Mr. Hale leaves.

MR. FISKE: Your Honor, two things. One, with respect to the sentencing date, it would be the Government's request, which I think Mr. Coleman would agree with, that Mr. Hale not be sentenced until he has had an opportunity to fully demonstrate his cooperation with the Government. And we would be willing, if Your Honor wished, to set a date so long as it was understood that we would come to Your Honor and ask for further extension of that date as circumstances warranted at that time.

THE COURT: All right. Well, I have found it's normally the case when we get the Presentence Report and objections and things such as that, even though we try to have sentencing within 45 to 60 days, it seems like we seldom make it. What I will tell you is this: I

will not set a sentencing date any sooner than a hundred twenty days from today's date. If, as we approach that date, that is a problem, let me know about it and I will take another look at it. I certainly understand what you are saying and I'm willing to cooperate. However, I'm not going to let Mr. Hale stay out for what might be a couple of years of trials and appeals and things like that.

MR. FISKE: Could we ask Your Honor to set the initial sentencing date six months from today? I think we are going to need at least that much time, and then we can come back to Your Honor if we needed more time before that.

THE COURT: You don't think a hundred twenty days is reasonable?

MR. FISKE: If Your Honor wishes a hundred twenty days, we'll take a hundred twenty days.

THE COURT: I didn't mean to imply you thought I was being unreasonable. Reasonable for what you have to do get done in your investigation. I don't know. I will be willing --

MR. FISKE: Of course, Your Honor at this point so much depends on what the result of Mr. Hale's cooperation is in terms of whether we would be prepared to come before Your Honor in a hundred twenty days or

not, and I think it probably does make sense, if this is what Your Honor would like, to talk about a hundred twenty days at this point, so long as it's clearly understood that if the result of his cooperation is such that we feel that a further extension of that date is necessary in order to allow him to continue to cooperate in different ways, including perhaps testifying at trials, we would like to be able to ask for that additional time.

THE COURT: What I am going to do, I'm going to set it in the range of a hundred twenty days but I will promise you I will be flexible and hear you out if you need a further extension. That's happened several times before. There's nothing unusual about that.

MR. FISKE: The last thing I would like to say, just so there is no question about the full extent of Mr. Hale's cooperation, what this plea agreement does for the Government is it allows us now to investigate fully all of the allegations which Mr. Hale has made publicly over the last six months and also to investigate other allegations that he has made to us during the time that we have been -- he has been cooperating with us. And I can assure the Court that that investigation is going to be pursued vigorously and thoroughly into everything that Mr. Hale has told us.

THE COURT: All right. Thank you.

Anything further? Independent Counsel? Mr. Coleman?

I want to ask everyone, please, to remain in your seats while Mr. Hale leaves with the marshals.

Ladies and gentlemen, I would appreciate and I know the marshals would appreciate your cooperation. We are going to recess now but if everybody could stay in the courtroom for a minute or so before you leave, that would be helpful to us. Thank you very much. We are in recess.

(At 10:40 a.m. The above-entitled proceedings were concluded.)

- - -

C E R T I F I C A T E

I, Carolyn S. Fant, Official Court Reporter, do hereby that the foregoing is a true and correct transcript of proceedings in the above-entitled case.

Carolyn S. Fant

Date: 2/22/94

Carolyn S. Fant
United States Court Reporter

RPTS BLAZEJEWSKI

DCMN GALLAGHER

COMMITTEE ON BANKING AND FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

In the matter of:

MADISON GUARANTY SAVINGS & LOAN

DEPOSITION OF PAULA CASEY

Thursday, September 28, 1995

Washington, D.C.

The deposition in the above matter was held in Room 714, O'Neill House Office Building, commencing at 10:10 a.m.

EXAMINATION BY MR. CLARK:

Q Would you just state your name for the record, please?

A My name is Paula Casey.

Q Ms. Casey, what year did you graduate from law school?

A 1977.

Q What law school was that?

A University of Arkansas at Fayetteville.

Q While you were a law student, did you ever have President Clinton as a law professor?

A Yes

Q How many courses?

A One.

Q Was it a small class or was it a large class in terms of the number of students?

A I don't recall how many students were in it. It was not a seminar-type class. It was just a regular class.

Q Did you have any other contact with then Professor Clinton while you were a law student, either as a mentor for some independent work or in some other capacity?

A No.

Q While you attended the university, did you have any classes with Mrs. Clinton?

A I did.

Q How many?
A One.
Q And do you recall if that was a large lecture-type class or if it was a seminar?
A It was legal clinic, which is a type of seminar.
Q Was that the first time that you had met Mrs. Clinton in your life?
A Yes.
Q Okay. When you had Mr. Clinton in the other course, was that the first time that you had met him in your life?
A Yes.
Q Okay. Did you keep in touch with either Mr. Clinton or Mrs. Clinton after graduation?
A Not particularly.
Q Did you ever ask either one of them to write any recommendation for any position?
A No.
Q Upon graduation, what did you do for employment?
A I was a legal services attorney in Hot Springs, Arkansas.
Q Approximately how long did you remain in that position?
A From May of 1977 until February of 1979.
Q Were you doing civil or criminal work?
A Civil work.

constitutional revision. We had to have a constitutional amendment to do what we wanted to do, and Hillary Clinton and Donna McLarty cochaired the committee for the constitutional revision, so it was all part and parcel of the same issue.

Q Is Don McLarty "Mack" McLarty?

A I am sorry, Donna is "Mack" McLarty's wife.

Q His wife, okay. About how long did that, did you work on that committee or in connection with that project?

A A couple years.

Q And did the relationship with Mrs. Clinton and Donna McLarty remain on strictly a professional level over that course of time?

A Yes.

Q Other than this project that you have discussed, were there any other positions that Governor Clinton appointed you to?

A Yes. There is a juvenile advisory group that has a different name now, but it is the State board that administers Office of Juvenile Justice and Delinquency Prevention funds from the Department of Justice. I served on that for a number of years.

Q Was that voluntary or compensated?

A All of those are voluntary. The appointment to the juvenile commission, the advisory group, all voluntary.

Q And approximately what length of time did you serve

The Law Firm of
Skokos & Coleman
A Professional Association

Theodore C. Skokos
Randy Coleman
George J. Bequette, Jr.

3200 TCBY Tower
425 West Capitol Avenue
Little Rock, Arkansas 72201-3439

Telephone
(501) 374-1107

Telecopier
(501) 374-5092

September 15, 1993

VIA HAND DELIVERY

Ms. Paula Casey
U. S. Post Office & Courthouse
600 West Capitol Avenue
Little Rock, AR 72203

Re: David Hale

Dear Paula:

This letter is written as a follow up to our recent personal phone conversations regarding the above-captioned matter.

Fletcher Jackson of your office has previously told me that Mr. Hale will be indicted on one or more charges on the third Tuesday of September, being September 21, 1993. Since first becoming involved in this matter approximately five (5) weeks ago and being informed of this anticipated event, I have been attempting to reach some form of negotiated plea with your office without any success. It has been difficult to find a place to surrender. From our very first meeting, Fletcher expressed a great deal of reluctance to enter into such negotiations and indeed has related to me that he would not take the responsibility for making any such recommendation. I sincerely appreciate Fletcher's honesty on this matter. I told him that I wanted to meet with someone who could enter into negotiations and make a decision. As a result of Fletcher's position on this matter and with Fletcher's knowledge, I met with you last Tuesday, September 7, to discuss the same matter. There has been no real movement since our conversation.

I cannot help but sense the reluctance in the U. S. Attorney's office to enter into plea negotiations in this case. I cannot help but believe that this reluctance is borne out of the potential political sensitivity and fallout regarding the information which Mr. Hale could provide to your office, but at the same time it is information which would be of substantial assistance in investigating the banking and borrowing practices of some individuals in the elite political circles of the State of Arkansas, past and present. I can certainly understand the

007640

reluctance of anyone locally to engage in these matters, political realities being what they are.

Would it not be appropriate at this point for your office to consider terminating participation in this investigation and to bring in an independent prosecutorial staff, who are not so involved with the history of the personalities and circumstances of this case? Such action might serve your office better. It would certainly serve Mr. Hale better because I feel that he is being prejudiced by not being afforded opportunities that other targets of a potential criminal prosecution are afforded in the process of plea negotiations. For instance, I have offered an informal proffer of Mr. Hale's information for evaluation of its quality and content, but have received absolutely no interest in the process.

It is imperative that I hear from you on this at the earliest opportunity. Once the promised indictment occurs on September 21, the opportunities for negotiations substantially diminish in this case.

Yours truly,

Randy Coleman

hall/casl/sc

007641

TRANSMIT VIA:
[ ] Teletype
[ ] Facsimile
[X] AIRTEL

PRECEDENCE:
[ ] Immediate
[ ] Priority
[X] Routine

CLASSIFICATION:
[ ] TOP SECRET
[ ] SECRET
[ ] CONFIDENTIAL
[ ] UNCLAS E F T O
[X] UNCLAS

Date 9/17/93

FM FBI LITTLE ROCK (86A-LR-34847) (SQ 3) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3390//

PASS: TOM KUBIC, WHITE COLLAR CRIME SECTION.

SUBJECT: "CHANGED"; THOMAS W. ANDERSON, DBA CENTRAL ARKANSAS COMMUNITY DEVELOPMENT CORPORATION (CACDC); DAVID L. HALE, DBA CAPITAL MANAGEMENT SERVICES, INC. (CMS); CHARLES MATTHEWS; EUGENE FITZHUGH; FRAUD AGAINST THE GOVERNMENT - SMALL BUSINESS ADMINISTRATION; CONSPIRACY; OO: LITTLE ROCK.

TITLE MARKED "CHANGED" TO REFLECT THE ADDITION OF TWO SUBJECTS, CHARLIE MATTHEWS AND EUGENE FITZHUGH, AND TO ADD CONSPIRACY TO THE CHARACTER.

RE LITTLE ROCK AIRTEL AND LHM TO BUREAU, JUNE 21, 1993; LITTLE ROCK AIRTEL TO BUREAU, AUGUST 24, 1993, CAPTIONED

DFB/jhk/bkv
(1)

Approved: _____ Original filename: HX001W.260 (1)

Time Received: _____ Telprep filename: _____

MRI/JULIAN DATE: _____ ISN: _____

FOX DATE & TIME OF ACCEPTANCE: _____

SEP 17 '93 17:23

007119

"TAIL 2 (196A-LR-34647) UNCLAS

"JAMES B. MC DOUGAL, AKA JIM MC DOUGAL, PRESIDENT, MADISON GUARANTY SAVINGS AND LOAN; DAVID L. HALE; FIF;
OO: LITTLE ROCK," LITTLE ROCK FILE NUMBER 29D-LR-35063; AND LITTLE ROCK TELETYPE TO BUREAU, OCTOBER 16, 1992, CAPTIONED "JAMES B. MC DOUGAL; ET AL; UNSUBS; MADISON GUARANTY SAVINGS AND LOAN, LITTLE ROCK, ARKANSAS; FINANCIAL INSTITUTION FRAUD," LITTLE ROCK FILE NUMBER 29-0.

ON MAY 5, 1993, LITTLE ROCK DIVISION BECAME AWARE OF NEWARK CASE 196A-NK-6450, CAPTIONED "SHORE TAIL; FRAUD BY WIRE; OO: NEWARK." SHORE TAIL IS AN UNDERCOVER OPERATION SET UP TO INVESTIGATE SMALL BUSINESS INVESTMENT CORPORATION'S (SBIC) INVOLVEMENT WITH MONEY LAUNDERING AND THE POSSIBLE DEFRAUDING OF THE SMALL BUSINESS ADMINISTRATION (SBA). ONE OF THE SUBJECTS IN THIS MATTER ADVISED UNDERCOVER AGENTS THAT HE WAS FRIENDS WITH INDIVIDUALS WHO WERE CLOSE WITH PRESIDENT CLINTON. SUBJECT DID NOT ALLEGE WRONGDOING BY PRESIDENT CLINTON. SUBJECT ALSO KNEW THAT JUDGE DAVID L. HALE, A MUNICIPAL COUNTY JUDGE IN LITTLE ROCK, ARKANSAS, WAS OPERATING AN SBIC IN THE STATE OF ARKANSAS AND THAT THE SBIC COULD BE USED TO FUNNEL CASH. DURING THIS SAME TIME PERIOD,

PAGE 3 (95A-LR-34947) UNCLAS

LITTLE ROCK RECEIVED A CRIMINAL REFERRAL FORM FROM THE SBA ALLEGING THAT CAPITAL MANAGEMENT SERVICES, INC., WHOSE PRESIDENT AND DIRECTOR IS HALE, AND THE CENTRAL ARKANSAS COMMUNITY DEVELOPMENT CORPORATION (CACDC) WERE ENGAGING IN THE TRANSFER OF ASSETS BETWEEN ASSOCIATES AND THE SALE OF MISCLASSIFIED ASSETS WHICH WERE LATER MISREPRESENTED TO THE SBA. AT THIS TIME, LITTLE ROCK OPENED CAPTIONED MATTER.

DURING THE LAST SEVERAL MONTHS, LITTLE ROCK HAS DETERMINED THAT CAPITAL MANAGEMENT SERVICES, INC. (CMS), HAS BEEN INVOLVED IN MANY SUSPECT TRANSACTIONS. DUE TO A STATUTE OF LIMITATION PROBLEM ON SOME OF THE EARLY TRANSACTIONS, IT WAS AGREED BY THE UNITED STATES ATTORNEY'S OFFICE AND THE FBI THAT INVESTIGATION INTO THE EARLY TRANSACTIONS WOULD BE COMPLETED AND PRESENTED TO A FEDERAL GRAND JURY FIRST AND THAT SUBSEQUENT ALLEGATIONS BE INVESTIGATED AFTER AN INDICTMENT WAS HANDED DOWN. INVESTIGATION BY LITTLE ROCK HAS BEEN COMPLETED, AND CAPTIONED MATTER WILL BE PRESENTED ON SEPTEMBER 21-23, 1993, TO A FEDERAL GRAND JURY CHARGING CAPTIONED SUBJECTS IN A FOUR-COUNT INDICTMENT WHICH INCLUDES TWO COUNTS OF CONSPIRACY (TITLE 18, USC, SECTION 371) AND TWO COUNTS OF FALSE

STATEMENTS TO THE SMALL BUSINESS ADMINISTRATION (TITLE 15, USC, SECTION 645(A)). THIS FIRST INDICTMENT INVOLVES THE USE OF FUNDS THAT MERELY PASSED THROUGH HALE'S SBIC. THE FUNDS, WHICH TOTALED APPROXIMATELY ONE MILLION DOLLARS, WERE NEEDED BY HALE TO INCREASE HIS PERSONAL CAPITAL IN HIS SBIC, WHICH EVENTUALLY RESULTED IN THE SBA LENDING HALE $900,000. THERE WERE TWO LARGE TRANSACTIONS INVOLVING THE ONE MILLION DOLLARS THAT CREATED A PICTURE FOR THE SBA THAT HALE'S SBIC WAS SOLVENT WHEN, IN FACT, HALE WAS NEAR INSOLVENCY. THE MONIES HALE USED THROUGH HIS ACCOUNT WERE NEVER HIS FUNDS AND WERE JUST USED BY HALE FOR A FEW DAYS TO MAKE HIS SBIC LOOK STRONGER IN THE EYES OF THE SBA. HALE IS REPRESENTED BY RANDY COLEMAN, A LOCAL LITTLE ROCK ATTORNEY, WHO HAS ATTEMPTED TO PERSUADE BOTH THE ASSISTANT U. S. ATTORNEY (AUSA) IN THIS MATTER, FLETCHER JACKSON, AND THE NEW U. S. ATTORNEY (USA) FOR THE EASTERN DISTRICT OF ARKANSAS, PAULA J. CASEY, THAT HALE SHOULD ONLY BE CHARGED WITH A MISDEMEANOR IN THIS MATTER. COLEMAN'S ATTEMPTS AT PERSUADING AUSA JACKSON AND USA CASEY HAVE BEEN UNSUCCESSFUL.

DURING THE INVESTIGATION IN THIS MATTER, LITTLE ROCK CONDUCTED A SEARCH OF HALE'S SBIC AND SEIZED SEVERAL FILES. A REVIEW OF THESE FILES WHICH WERE OBTAINED FROM THE SEARCH LED LITTLE ROCK TO REQUEST FEDERAL GRAND JURY SUBPOENAS BE ISSUED TO SEVERAL AREA AND STATE BANKS. LITTLE ROCK ALSO CHECKED INDICES ON HALE AND DETERMINED THAT HE WAS PREVIOUSLY ASSOCIATED WITH JAMES MC DOUGAL, FORMER PRESIDENT OF MADISON GUARANTY SAVINGS AND LOAN, WHICH IS A FAILED INSTITUTION. MC DOUGAL WAS INDICTED IN NOVEMBER OF 1989 BUT WAS THEN ACQUITTED BY A JURY TRIAL IN JUNE OF 1990; HOWEVER, THE AFOREMENTIONED BANK RECORDS AND INTERVIEWS THAT WERE CONDUCTED FOR THE MC DOUGAL TRIAL IN 1989 AND 1990 INDICATED A STRONG CONNECTION BETWEEN MC DOUGAL AND HALE AND HIS SBIC. INFORMATION WAS OBTAINED REFLECTING AN APPARENT MISAPPLICATION OF FUNDS FROM MADISON GUARANTY SAVINGS AND LOAN BY MC DOUGAL. WHILE MC DOUGAL WAS PRESIDENT, MADISON MADE A LOAN TO AN INDIVIDUAL (WHO IS NOW COOPERATING) TO ENABLE HIM TO PURCHASE REAL PROPERTY OWNED BY A COMPANY CONTROLLED BY HALE. THE LOAN EXCEEDED THE MORTGAGE ON THE PROPERTY BY APPROXIMATELY 60% AND MAY HAVE EXCEEDED THE ACTUAL VALUE BY A LIKE AMOUNT.

INFORMATION WAS ALSO DEVELOPED THAT THE APPRAISAL WAS DONE AFTER THE LOAN HAD ALREADY BEEN FUNDED. HALE'S COMPANY PAID OFF THE MORTGAGE ON THE PROPERTY AND LOANED THE REMAINING FUNDS TO HALE AND A CLOSE ASSOCIATE OF HALE'S. PROCEEDS OF BOTH LOANS PURCHASED A CERTIFICATE OF DEPOSIT IN THE NAME OF HALE'S WIFE. THIS CERTIFICATE OF DEPOSIT WAS LIQUIDATED IN AT LEAST FOUR TRANSFERS. ONE OF THE TRANSFERS WAS A $300,000 LOAN TO SUSAN MC DOUGAL, DOING BUSINESS AS MASTER MARKETING. SUSAN MC DOUGAL IS THE WIFE OF JAMES MC DOUGAL AND IS ALSO A STOCKHOLDER AT MADISON. ON AUGUST 20, 1993, LITTLE ROCK OPENED UP A FINANCIAL INSTITUTION FRAUD CASE AGAINST MC DOUGAL AND HALE ALLEGING THEY VIOLATED TITLE 18, USC, SECTIONS 657 AND 2.

ON SEPTEMBER 17, 1993, LITTLE ROCK RECEIVED INFORMATION THAT "NEW YORK TIMES" REPORTER JEFF GERTH WAS IN LITTLE ROCK AND HAD A FIVE-HOUR MEETING WITH COLEMAN AND HALE. GERTH WROTE SEVERAL ARTICLES IN MARCH OF 1992 ABOUT THEN-GOVERNOR CLINTON'S INVOLVEMENT WITH MC DOUGAL IN A JOINT REAL ESTATE VENTURE IN THE OZARKS. AFTER THEIR MEETING, GERTH ATTEMPTED TO GET COMMENTS FROM THE SPECIAL AGENT IN CHARGE, LITTLE ROCK

(PAUL [illegible]-88A-LR-34847) UNCLAS

DIVISION, AND THE UNITED STATES ATTORNEY, PAULA J. CASEY, WHO BOTH DECLINED TO COMMENT. DURING GERTH'S CONVERSATION WITH SPECIAL AGENT IN CHARGE (SAC) ROBERT M. SATKOWSKI, HE TOLD THE SAC THE FOLLOWING: GERTH ADVISED THAT IN HIS MEETING WITH HALE THEY WERE ALLEGING THAT EVEN THOUGH THE ASSISTANT UNITED STATES ATTORNEY IN THIS CASE MAY BE TRUTHFUL, THE UNITED STATES ATTORNEY IN THIS MATTER WAS A POLITICAL APPOINTEE. ACCORDING TO GERTH, HALE IS PREPARED TO FURNISH INFORMATION ABOUT SENSITIVE MATTERS POSSIBLY INVOLVING THE CLINTON ADMINISTRATION. GERTH ALLUDED THAT THIS WAS WHY THE UNITED STATES ATTORNEY CASEY WOULD NOT DEAL WITH COLEMAN WHEN HE WAS ATTEMPTING TO WORK OUT A SUITABLE DEAL FOR HIS CLIENT. GERTH ADDED THAT HALE HAD INFORMATION THAT A $300,000 LOAN TO MASTERS MARKETING, INC., WAS THEN FUNNELED BACK IN THE FORM OF CASHIER'S CHECK TO WHITE WATER DEVELOPMENT TO HELP PAY ON SEVERAL OBLIGATIONS. WHITE WATER DEVELOPMENT WAS A REAL ESTATE JOINT VENTURE THAT PRESIDENT CLINTON AND HIS WIFE, HILLARY RODHAM CLINTON, WERE INVOLVED WITH IN 1978 WHICH DID LOSE MONEY. LITTLE ROCK CANNOT CONFIRM HALE'S ASSERTION ABOUT THE $300,000 BUT CAN DESCRIBE BRIEFLY THE FLOW OF THE FUNDS IN

THIS MATTER. ON MARCH 11, 1986, MADISON GUARANTY SAVINGS AND LOAN ASSOCIATION LOANED HALE, WHO WAS DOING BUSINESS AS DARDANELLE DEVELOPMENT CORPORATION, $300,000. ON APRIL 3, 1986, HALE, THROUGH HIS SBIC, LOANED SUSAN MC DOUGAL, WHO WAS DOING BUSINESS AS MASTERS MARKETING, INC., $300,000. SUSAN MC DOUGAL IS THE WIFE OF JAMES MC DOUGAL, AND SHE ALSO USED HER STOCK IN MADISON GUARANTY SAVINGS AND LOAN AS COLLATERAL FOR THE $300,000 LOAN. RECORDS INDICATE THAT THE LOAN PROCEEDS WERE THEN DEPOSITED INTO JAMES AND SUSAN MC DOUGAL'S PERSONAL BANK ACCOUNT. FROM RECORDS OBTAINED THROUGH THE RESOLUTION TRUST CORPORATION IN A PREVIOUS REFERRAL, IT APPEARS THE LOAN PROCEEDS WERE DIVIDED INTO TWO CHECKS. ONE IN THE AMOUNT OF $111,500, AND THE OTHER IN THE AMOUNT OF $121,459.79.

AT THIS TIME, LITTLE ROCK'S ONLY DEFINITIVE CASE IS ON HALE, MATTHEWS, AND FITZHUGH IN THE SBA MATTER AND A MISAPPLICATION COUNT ON MC DOUGAL AND HALE IN THE 29 MATTER. LITTLE ROCK HAS NO EVIDENCE AT THIS TIME TO SUGGEST THAT PRESIDENT CLINTON OR HILLARY RODHAM CLINTON WERE INVOLVED IN ANY ILLEGAL ACTIVITIES.

IT IS THE BELIEF OF LITTLE ROCK THAT HALE, THROUGH HIS ATTORNEY, IS ATTEMPTING TO PRESSURE THE UNITED STATES ATTORNEY'S OFFICE IN THE PENDING MATTER AGAINST HALE. HALE HAS KNOWN ABOUT THE PENDING INDICTMENT FOR MANY WEEKS, AND, AS PREVIOUSLY STATED, HE IS TRYING TO OBTAIN THE BEST DEAL THAT HE CAN FOR HIMSELF. HALE WAS LOOKING AT NEXT WEEK'S INDICTMENT, WHICH WILL BE FOLLOWED BY ANOTHER INDICTMENT INVOLVING ADDITIONAL SBA VIOLATIONS. THE MISAPPLICATION OF FUNDS CASE IS ALSO ON THE HORIZON FOR HALE AND MC DOUGAL.

LITTLE ROCK HAS SUBPOENAED THE RESOLUTION TRUST CORPORATION (RTC) IN KANSAS CITY FOR THE RECORDS OF MADISON GUARANTY SAVINGS AND LOAN, BUT TO DATE, HAS BEEN UNABLE TO OBTAIN THESE RECORDS. DURING THE PAST SEVERAL MONTHS, LITTLE ROCK HAS HAD SEVERAL CONVERSATIONS WITH RTC OFFICIALS WHO STATED THAT CRIMINAL REFERRAL FORMS ARE FORTHCOMING AND THAT ALL MADISON GUARANTY SAVINGS AND LOAN RECORDS WILL BE MADE AVAILABLE TO THE FBI; HOWEVER, TO DATE, IT APPEARS THAT THE RTC DOES NOT WISH TO RELEASE THESE DOCUMENTS TO THE FBI.

BT

U. S. Department of Justice

Criminal Division

SENSITIVE

Office of the Assistant Attorney General — Washington, D.C. 20530

SEP 21 1993

MEMORANDUM

TO: Director
Federal Bureau of Investigation

FROM: John C. Keeney
Acting Assistant Attorney General

SUBJECT: David L. Hale, dba Capital Management Services, Inc.

I have reviewed the teletype dated September 17,1993, from FBI Little Rock to the Director concerning the activities of David L. Hale, his associates and related companies. According to the teletype, on August 20, 1993, FBI Little Rock, based on previous investigation, opened up a Financial Institution Fraud investigation against David L. Hale and James McDougal, former president of Madison Guaranty Savings & Loan. This investigation is predicated on information that while McDougal was president of Madison Guaranty, the S&L made a loan to an individual (now cooperating) to purchase realty owned by a company controlled by David L. Hale. After paying off the mortgage, Hale's company loaned the remainder of the funds to Hale and an associate. These loans were combined to purchase a certificate of deposit in the name of Hale's wife. The CD was then liquidated in four transfers. One of these transfers was in the form of a $300,000 loan to the wife of James McDougal, Susan McDougal, dba Master Marketing. Mrs. McDougal is also a stockholder of Madison Guaranty.

I also understand from the teletype that on September 17, 1993, New York Times reporter Jeff Gerth contacted Little Rock SAC Robert M. Satowski. Gerth said that he had interviewed Hale and his lawyer Randy Coleman for five hours. Gerth asserted that Hale is prepared to furnish information about sensitive matters possibly involving the Clinton administration. Hale had information that a $300,000 loan to Masters Marketing, Inc. was

SENSITIVE

funneled in the form of a cashier's check back to White Water Development to help pay off several obligations. The teletype describes White Water Development as a real estate joint venture that President Clinton and his wife Hillary Rodham Clinton were involved in 1978 which did lose money.

The teletype then described the flow of funds in "this matter" - presumably the matter Gerth stated that Hale told him about. On March 11, 1986, Madison Guaranty loaned Hale, dba Dardanelle Development Corporation, $300,000. On April 3, 1986, Hale through his Small Business Investment Corporation loaned Susan McDougal, dba Masters Marketing, Inc., $300,000. Susan McDougal used her stock in Madison Guaranty as collateral for the loan. The loan proceeds were deposited into the personal bank account of James and Susan McDougal. The records indicate that the loan proceeds were divided into two checks, one for $111,500, and the other for $122,459.79. The teletype does not state the subsequent history of the checks.

As I told Assistant Director Larry Potts yesterday, over the past weekend, a high ranking official of the Department of Justice was contacted by an individual who wants confidentiality of identity. This individual who apparently has had contact with either David Hale or someone close to Hale, told the Departmental official that Hale has information about President Clinton and Governor Jim Guy Tucker of Arkansas, dating from 1986. This information relates to Madison Guaranty S&L. Through his attorney Randy Coleman, Hale has offered to provide this information to the government in return for either immunity or a plea to a misdemeanor to dispose of his legal problems with the United States. The United States Attorney has counteroffered with a felony plea to one count. To date neither Coleman nor Hale has provided any information to the United States Attorney. The individual told the Departmental official that Hale's information about President Clinton was unrelated to the fraud on the Small Business Administration for which Hale is likely to be indicted this week.

The individual gave the Departmental official some details of what the individual believes Hale's story to be. Madison Guaranty S & L made loans to Whitewater Development Corp., a financial venture in which Bill Clinton, Jim Tucker and others had an interest. By 1986 the mortgage was not being paid and Jim McDougal was concerned about an upcoming audit. Jim McDougal called David Hale to a meeting at McDougal's office. This call may have been through Hale's brother. Hale went to the meeting in the car of a local sheriff.

When Hale got to the office, McDougal and Bill Clinton were there and encouraged Hale to provide funds to Madison Guaranty, prior to the audit, to bring the Whitewater loans acceptably up to date. Thereafter Hale, through his Small Business Investment Corporation, lent $300,000 to Susan McDougal, dba Madison Marketing. Hale, Jim McDougal and Bill Clinton discussed that Madison Marketing was considered a minority

SENSITIVE

business because of its female ownership and thus an appropriate subject for an SBIC loan Susan McDougal deposited the $300,000 loan check and then two $150,000 cashier's checks were issued. The individual did not state what was done with the cashier's checks.

The individual also stated that Hale or Coleman made a vague allegation that in relation to the above transaction, Hale had prepared a misleading document for his files. That document, or a subsequent document prepared to replace it, contained some mention of Bill Clinton. This documentation was seized by the FBI. However, Coleman claimed that when he went over the inventory of the seizure, there was no reference to this document.

The Departmental official has told me that he believes the individual who contacted him is reliable. However, the official has no knowledge of whether there is, in fact, any truth to the story related by the individual, nor does he know how the individual learned the information related to the official.

It is apparent to me that there are similarities in the teletype's description of the case opened by FBI Little Rock on August 20, 1993; the allegations Jeff Gerth attributed to David Hale in his September 17, 1993, conversation with SAC Satowski; the teletype's description of the flow of funds found on page eight of the teletype; and the story the individual relayed to the Departmental official. All incidents involve a claim that Hale, or an entity controlled by Hale, lent $300,000 to Susan McDougal, or an entity controlled by her. However, there are significant differences in the stories as well. These include the identity of the company from which Hale obtained the $300,000, and the name of the company controlled by Susan McDougal which received the $300,000. Only Gerth's version of the story states what was done with the proceeds of the $300,000 to Susan McDougal after it was converted into cashier's checks. Indeed it is not even certain that all of these stories refer to the same transactions.

It is my understanding that on September 20, 1993, the United States Attorney's office, by letter from AUSA Michael Johnson to Randy Coleman, again made clear the government's interest in receiving any proffer in this matter from either Coleman or Hale. I also understand that as of this date Coleman has refused to give a proffer, although discussions are continuing. Until such time as we can get more details on this matter from Hale or his lawyer, I think it would be prudent for the FBI to do additional logical investigation, including a review of documentary evidence already in the possession of the FBI to see what corroboration there is of the story related by Gerth or the story related by the individual to the Departmental official. Renewed efforts should be made to obtain the documents in the possession of the Resolution Trust Corporation. In this regard, the Criminal Division's fraud section may be able to assist you. Finally, consideration should be given to reviewing any source information which may shed some light on the factual assertions contained in the transactions related above. I appreciate that any investigation in this matter must be done after due consideration to their effect on existing investigative efforts. Please coordinate those efforts with the United States Attorney's office in Little Rock, and the Criminal Division.

SENSITIVE

11447

September 20, 1993

Randy Coleman
Attorney at Law
3200 TCBY Tower
425 W. Capitol Ave.
Little Rock, AR 72201-3439

Dear Randy:

Earlier today I phoned you and requested that you provide a proffer of any information your client wished to bring to our attention. You have responded by letter dated this date in which you indicated that you did not believe we will achieve anything further in plea negotiations. As you acknowledged, your letter was in response to our earlier phone conversation.

Our position is as we have stated to you before, that is, we are fully interested in all information your client has to offer. Because of his significant involvement in criminal activity, it is unacceptable to us to grant him immunity. We are willing to provide your client with a motion authorizing reduction of sentence for substantial assistance upon his plea of guilty to a felony charge of fraud and his providing the substantial assistance. Of course to date your client has offered no tangible information on which any such arrangement could yet be made. My understanding of your letter is that he chooses not to do so at this time.

We see no reason not to proceed with the presentation of our case to the grand jury and our other normal process of handling grand jury matters. Should the grand jury decide to indict your

007631

U.S. Department of Justice

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

TO: Local Press Representatives
FM: Paula J. Casey, U.S. Attorney, Eastern District of Arkansas
RE: United States vs. David Hale, Eugene Fitzhugh, and Charles Matthews.

PRESS RELEASE

United States Attorney, Paula Casey, announced today that a federal grand jury has returned a four count indictment against David Hale, Eugene Fitzhugh, and Charles Matthews.

The Indictment charges Hale in all four counts - two counts of conspiracy and two count of making a false statement to influence the Small Business Administration.

Charles Matthews is charged in both conspiracy counts and Eugene Fitzhugh in one.

The first conspiracy alleges that all three defendants agreed to engage in a scheme to defraud the SBA by funneling $800,000.00 through a series of transactions to Capital-Management Services, Inc., a Small Business Investment Company licensed by the SBA Capital-Management Services, Inc., was principally owned by Hale. The $800,000.00 was then used as a basis for an additional $900,000.00 from the SBA. The $800,000.00 was then returned to its source by another sham transaction.

The second conspiracy, involving Hale and Matthews, was similar. It involved $275,000.00 that was misrepresented to be the repayment of loans to Capital-Management Services, Inc. After the alleged repayment of the loans was used to help secure the $900,000.00 from the SBA, it was funneled back to its source.

The two counts of conspiracy carry a maximum prison term of not more than 5 years, a fine of not more than $250,000.00, or both. The remaining two counts of false statements, carry a maximum prison term of not more than 2 years, a fine of not more than $250,000.00, or both.

The indictment was a result of a Small Business Administration fraud investigation done by the Little Rock office of the Federal Bureau of Investigation.

FILED
IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
JAMES W. McCORMACK, CLERK
By _____ DEP CLK

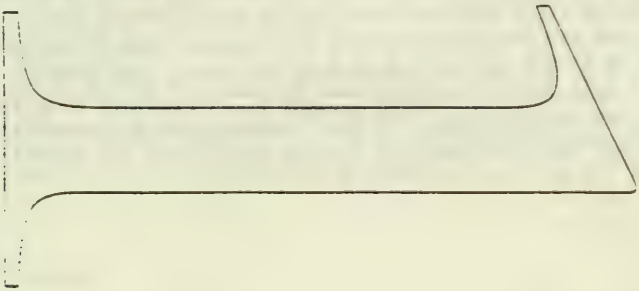
007811

RICK

STEVE IRONS, LR, ADVISED THAT THE FGJ IN LR RETURNED AN INDICTMENT AGAINST ALL THREE SUBJECTS ON ALL FOUR COUNTS. LR WILL ARREST THE INDIVIDUALS THIS P.M.

ADDITIONAL INFORMATION RECEIVED FROM IRONS IS THAT THE USA IN LR IS RECEIVING PRESSURE FROM DOJ TO RECUSE HERSELF FROM THIS MATTER. IRONS INDICATES THAT THE USA IS GOOD FRIENDS WITH THE GOVERNOR OF ARKANSAS AND HIS STAFF. IN ADDITION, ONE OF THE SUBJECTS, SETH WARD, IS THE BOYFRIEND OF THE USA'S BEST FRIEND AND FREQUENT HOUSE GUEST. TO DATE THE USA IS NOT RECUSING HERSELF. THE USA ASKED IRONS HOW SERIOUS THE MATTER WAS AGAINST THESE INDIVIDUALS. IRONS ADVISED HER THAT THE INDIVIDUALS IN QUESTION WILL BE EITHER SUBJECTS OR MATERIAL WITNESSES. THEY DO NOT KNOW WHICH ONE THEY WILL BE AT THIS TIME. THE USA HAS INDICATED THAT SHE WOULD NOT BE ABLE TO HANDLE A CASE AGAINST THESE INDIVIDUALS WHICH WOULD MEAN SPLITTING THE PROSECUTION OR TURNING THE CASE OVER TO DOJ. IRONS IS OF THE OPINION THAT SPLITTING THE CASE WOULD NOT BE BENEFICIAL. IF THIS IS A PROBLEM HE THINKS IT WOULD BE BETTER TO HAVE DOJ HANDLE THE CASE.

[redacted] 0-2



Memorandum

To : SAC, LITTLE ROCK (86A-LR-[redacted]) Date 10/1/93

From : SSA STEVEN D. IRONS

Subject: THOMAS W. ANDERSON;
ETAL
FAG-SBA
OO: LITTLE ROCK

On 9/24/93, a meeting was held to discuss captioned matter at the United States Attorney's Office (USAO), Eastern District of Arkansas (EDAR). Present from the USAO were United States Attorney (USA) PAULA CASEY, Assistant United States Attorney (AUSA) MICHAEL JOHNSON, Chief of the Criminal Section, and AUSA FLETCHER JACKSON. Present from the Bureau were ASAC WHITEHEAD, SA REIGN, FA HALL, and writer.

The meeting was held to accomplish two objectives. The USA wanted to determine if she would have to recuse herself from the matter due to her close friendship with JIM GUY TUCKER, SETH WARD, and STEPHEN SMITH. The Bureau wanted to voice its objection to the manner in which AUSA JACKSON was limiting its investigative efforts, conducting investigation on his own, and to press for all documents of Madison Guaranty Savings and Loan (MGSL) to be obtained from the Resolution Trust Corporation (RTC).

After hearing the estimation of both writer and AUSA JACKSON on the involvement of TUCKER, WARD, and SMITH, USA CASEY advised she would have to recuse herself and only had to decide the best time to do so. She referenced claims made by subject DAVID HALE in media outlets that she was being unfair due to her political or other affiliations. While she resented those accusations and realized recusing herself might be misinterpreted by some as giving merit to HALE's accusations, CASEY felt she must not hear any details concerning the above individuals. However, she saw no immediate need to publicly advise of her recusal and preferred to wait until a more opportune time from a public relations standpoint. AUSA JOHNSON also discussed the possibility the Department of Justice would take all or part of the case due to the mention of BILL CLINTON by HALE.

SDI/sdi
(2)

FBI-00001545

JNE - 514

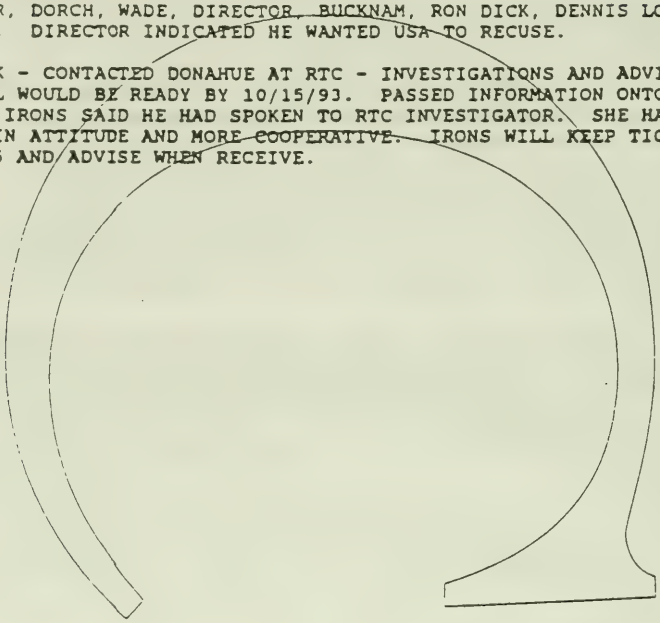
Writer recounted past experiences with the RTC which lead him to place very little trust in its ability and motivation, especially in captioned matter. He also pressed for support for obtaining all MGSL documents, beginning with the microfilm and microfiche. Due to the promise RTC made to AUSA JACKSON to provide its MGSL referral by 9/30/93, the USAO felt it was desirable to wait until at least then to decide whether to force the issue of compliance of a grand jury subpoena for the film/fiche. The advantages of having all of the records was reviewed with the USAO, and the present problems being caused by AUSA JACKSON limiting what was taken in the search warrant at HALE's business were noted as an example of a disadvantage. The poor job AUSA JACKSON was doing of drafting subpoenas and keeping a record of his own investigative efforts was also mentioned, as well as his failure to keep the case agent adequately informed of the results of that investigation.

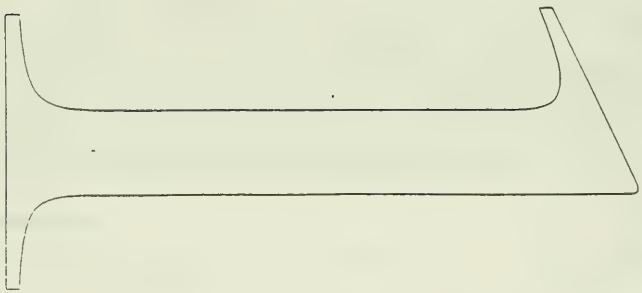
After those items had been covered, USA CASEY excused herself to allow SA REIGN, FA HALL, and AUSA JACKSON brief Him on the specifics of the MGSL matter and possible involvement of TUCKER, WARD, and SMITH. ASAC WHITEHEAD and writer also excused themselves from the meeting.

JME 515

10/5/93 BRIEFED DIRECTOR ON CASE. PART OF FCS BRIEFING. VERINDER, DORCH, WADE, DIRECTOR, BUCKNAM, RON DICK, DENNIS LORMEL PRESENT. DIRECTOR INDICATED HE WANTED USA TO RECUSE.

RON DICK - CONTACTED DONAHUE AT RTC - INVESTIGATIONS AND ADVISED REFERRAL WOULD BE READY BY 10/15/93. PASSED INFORMATION ONTO IRONS. IRONS SAID HE HAD SPOKEN TO RTC INVESTIGATOR. SHE HAD A CHANGE IN ATTITUDE AND MORE COOPERATIVE. IRONS WILL KEEP TICKLER ON 10/15 AND ADVISE WHEN RECEIVE.





U.S. Department of Justice

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

October 27, 1993

Ms. L. Jean Lewis
Criminal Investigator
Resolution Trust Corporation
4900 Main Street, Suite 200
Kansas City, MO 64112

Re: #7236 Madison Guaranty Savings and Loan
Criminal Referral Number C0004

Dear Ms. Lewis:

I am writing at the request of the Office of Legal Counsel, Executive Office for U.S. Attorneys of the U.S. Department of Justice to let you know the status of this referral.

As you know, this referral was reviewed by the Criminal Division of the U.S. Department of Justice at the request of the previous United States Attorney for the Eastern District of Arkansas. The matter was concluded before I began working in this office, and I was unaware that you had not been told until I was contacted by the Office of Legal Counsel. After receiving the call from Legal Counsel I reviewed the referral, and I concur with the opinion of the Department attorneys that there is insufficient information in the referral to sustain many of the allegations made by the investigators or to warrant the initiation of a criminal investigation.

Although I am declining to take further substantive action on this referral, my decision does not foreclose future prosecutions about the matters covered by the referral or related matters in the event that my office and the FBI are given access to records or information indicating that prosecutable cases can be made.

Sincerely,

Paula J. Casey

PAULA J. CASEY
United States Attorney

cc: Debra Westbrook
Office of Legal Counsel

MEMORANDUM

DATE: OCT 28 1993

SUBJECT: DEPARTMENT OF JUSTICE URGENT REPORT

TO: Janet Reno
~~Attorney General~~

Philip B. Heymann
Deputy Attorney General

FROM: John C. Keeney (signed) John C. Keeney
Acting Assistant Attorney General
Criminal Division

DESIGNATING UNIT: Fraud Section
Criminal Division
Gerald E. McDowell, Chief
Tel. 514-7023

SECURITY CLASSIFICATION: Unclassified - Sensitive

CLARIFICATION & FOLLOW-UP: John C. Keeney
Acting Assistant Attorney General
Criminal Division
Tel. 514-2621

ISSUE: FBI report of status of the Little Rock, Arkansas based investigation into various activities of David Hale, a municipal judge and owner of Capital Management Services, Inc.

SYNOPSIS:

The Federal Bureau of Investigation recently reported to the Criminal Division the status of the Little Rock, Arkansas based investigation into various activities of David Hale, a municipal court judge and owner of Capital Management Services, Inc., a small business investment company (SBIC). Hale was indicted September 23, 1993, for conspiracy and making false statements to the Small Business Administration (SBA) in order to obtain matching funds for his SBIC. Additional questionable activities of Hale are under investigation by the Little Rock office of the FBI and the U.S. Attorney for the Eastern District of Arkansas.

Included in the investigation are allegations of Hale, published in the Arkansas Democrat - Gazette September 23, 1993, that in the mid-1980s James McDougal, then head of Madison Guaranty Savings and Loan Association (Madison Guaranty), and President Clinton asked Hale to lend $300,000 from Capital Management

GAC 001632

Services, Inc. to Masters Marketing, a corporation owned by Mrs. McDougal. The money allegedly was earmarked for projects in Pulaski County, Arkansas, but was used for Whitewater Development Co., of which Mrs. McDougal, President Clinton and Mrs. Clinton were partners. The newspaper article further reported that according to Hale, Mrs. McDougal made no payments on her loan from Capital Management Services, Inc. There is no allegation in the article of wrongdoing by President or Mrs. Clinton, but Hale's allegations indicate that he may have defrauded his own SBIC or made misrepresentations to the SBA about the true purpose of the loan made to Mrs. McDougal.

Similar allegations have been reported by New York Times reporter Jeff Gerth to the Department and to the Special Agent in Charge of the Little Rock office of the FBI.

Hale has been uncooperative. Given an opportunity to provide information, he refused, stating that he would do so only if given full immunity.

Additional transactions involving James McDougal, Arkansas Governor Jim Guy Tucker, Mrs. McDougal, who is a stockholder of Madison Guaranty, and Seth Ward, an employee of Madison Real Estate Company, also are under investigation. These transactions are alleged to involve the use of Hale's SBIC and Madison Guaranty to defraud the SBA as well as the savings institution.

All of these allegations are being vigorously pursued.

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

November 5, 1993

Mr. Phillip B. Heymann
Deputy Attorney General
U.S. Dept. of Justice
Main Justice Building
Washington, D.C. 20530

Re: United States of America v. David Hale

Dear Mr. Heymann:

The Eastern District of Arkansas is investigating matters pertaining to David Hale and a development company which he operated. Indictments were returned by a grand jury in September alleging fraudulent conduct on the part of Mr. Hale and two codefendants. Mr. Hale claims to have information implicating other people in fraudulent activities which are not related to the matters in the September indictment. There has been a great deal of speculation in the press concerning Mr. Hale's allegations.

I am confident that I and my staff are capable of investigating and prosecuting these matters competently and dispassionately. Whether my participation and the participation of my staff raises questions of the appearance of impropriety is a different question.

I am, therefore, asking that you approve my request to recuse me and all members of my staff from further investigation and prosecution of matters pertaining to Capital Management Services, Inc. and Madison Guaranty Savings and Loan.

Sincerely,

Paula J. Casey

PAULA J. CASEY
United States Attorney

PC/lc

GEM 00074[illegible]

005136

Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 9, 1993

CRM
(202) 616-2771
TDD (202) 514-1888

SENIOR JUSTICE DEPARTMENT LAWYER NAMED TO HEAD INVESTIGATION INTO ARKANSAS S&L

WASHINGTON, D.C. -- Acting Assistant Attorney General John C. Keeney today said the Justice Department's Criminal Division will take charge of the prosecution of former judge David Hale and investigation into matters concerning Capital Management Services, Inc., and the now defunct Madison Guaranty Savings and Loan.

The Criminal Division took over the investigation after the U.S. Attorney in Little Rock, Paula Casey, informed the Justice Department last week that she and her staff had recused themselves because of their familiarity with some of the parties and the need to ensure that there be no misperceptions about the impartiality of the investigation.

Keeney said the investigation will be headed by Donald B. Mackay, a veteran senior trial attorney in the Fraud Section who arrived in Little Rock today. He will be assisted by two other staff lawyers from the Fraud Section.

Mackay, age 55, was U.S. Attorney in the Southern District of Illinois 1971-77.

#####

93-353

FAX TRANSMITTAL

To: John Archberry
Org./Loc.: Fraud Sect
Fax #: 4-0152

GENERAL SERVICES ADMINISTRATION

NAME OF LICENSEE: CAPITAL MANAGEMENT SERVICES, INC. LICENSE NUMBER: 06/06-5207
SMALL BUSINESS CONCERN (ISSUER) NAME ROB & DARLA LAVENDER STREET ADDRESS 6 SUMMERHILL COURT
CITY LITTLE ROCK STATE AR ZIP CODE 72211 SIC CODE 6531

Report for the months ended JUNE 30, 1992

SCHEDULE OF INVESTMENTS

(In Dollars Only No Cents)

(Including Participations Purchased and After Deduction of Participations Sold)

(1) DESCRIPTION OF INVESTMENT	(2) LOAN DEBT EQUITY	(3) Pub PubRes NonPub NPRes Ven	(4) DelPd Delnt O P & I	(5) PRINCIPAL BALANCE OF FINANCING AT BEGINNING OF PERIOD	(6) ADDITIONS (DEDUCTIONS) DURING PERIOD	(7) PRINCIPAL BALANCE OF FINANCING AT CLOSE OF PERIOD	(8) MARKET OR FAIR VALUE AS DETERMINED BY THE BOARD OF DIRECTORS	(9) UNREALIZED APPRECIATION (DEPRECIATION)
10% MORTGAGE NOTE FOR $34,000 DATED MARCH 8, 1990, PAYMENTS OF $365.37 SECURED BY REAL ESTATE	LOAN	NON-PUB		26,924	(6,488)	20,435	20,435	

986

GAC 002796

CAPITAL MANAGEMENT SERVICES, INC.
LITTLE ROCK, ARKANSAS
License No. 06/06-5207
May 19, 1993

SUMMARY:

- Non-cash assets were contributed to CMS as a capital contribution that were represented to be free and clear of liens and encumbrances. It is questionable as to whether this representation was correct. CMS attempted to obtain leverage from SBA based on this increase in capital.

- Licensee transferred certain assets to an associate in exchange for stock which was represented to be non-restricted stock listed on NASDAQ. The stock is restricted and not listed on NASDAQ. The value of this stock is questionable.

- We have attempted to obtain the source of the donated assets without success. Therefore, the matter has been referred to the Inspector General for investigation.

- CMS did not make interest payments on two debentures. The Investment Division is scheduling a pre-liquidation meeting for May 21 at 10:00.

BACKGROUND:

- CMS is a Specialized SBIC that was licensed on 3/14/79 and it has $1.4 million in private capital and $3.4 million in SBA leverage.

- In June 1992, Licensee initiated two non-cash transactions with an associate (Central Arkansas Community Development Corporation) which were not consummated until September 1992:

  - It accepted a pool certificate backed by medical receivables valued at $11.5 million and National Building Supply (NBS) stock valued at $2.3 million as a contribution of non-cash assets which was represented as an increase in private capital.

  - Licensee received NBS stock valued at $2.5 million for certain assets held by the Licensee which were reported by the Licensee to be of comparable value.

- In October 1992, Licensee applied for $6 million of leverage in the form of preferred stock based on the capital increase consummated in September 1992.

- On December 8, 1992, Licensee:

- Was reminded that, as a matter of policy, SBA does not leverage capital contributed in the form of non-cash assets until such assets are converted to cash.

- Was advised that an examination of the Licensee's operations would be needed before any leverage could be provided.

- Was advised that approval of disposition of assets to an associate would be conditioned on the Licensee converting the NBS stock into $2.5 million of cash within 120 days.

- Was advised that the $6 million leverage application was being returned.

o On December 9, 1992, SBA agreed to accept a $1.4 million leverage application based on the licensee's representation that:

- the medical receivables were free and clear of liens and encumbrances and

- the licensee would dispose of the NBS stock received in exchange for Licensee assets within 120 days.

o On March 11, 1993, the Examination report on the Licensee was issued. Among other things, the examiner was not able to determine the source of the donated assets. The examiner reported that there was a reluctance on the part of the Licensee's management to disclose any information concerning the source of the donated assets.

o On March 26, 1993, an examination letter was sent advising the Licensee of the results of the examination and stating that the leverage application would not be processed until the regulatory matters were resolved. The letter also provided the Licensee another opportunity to explain the source of the non-cash assets.

o On April 23, 1993, SBA received the Licensee's response to the Examination letter. Answers to questions concerning donated assets were not provided. Instead, the Licensee stated that they would reverse the transactions and that no explanation should be necessary.

o On May 5, 1993, the matter was referred to the Office of Inspector General for investigation with the expectation that the source of the contributed assets will be identified. Licensee was advised that they were not responsive to the examination letter and that the matter had been referred to the Inspector General.

- On May 7, 1993, ID was advised that CMS has not made interest payments on two debentures:

  - $14,867 was due on March 3 and
  - $35,952 was due on March 17.

- By letter of May 10, 1993, CMS was given 7 days to make payment.

- On May 18, 1993, David Hale was called by the Account Executive concerning the non-payment. Mr. Hale stated that a check was in the mail for the $14,867 and that he would have to sell assets to come up with the $35, 952. He advised that the check would be in the mail on May 19, 1993.

- ID confirmed that there was enough in the account to cover the $14,867 check; however, there would not be enough to cover the second check.

- Our normal procedure is to transfer a licensee to liquidation when payments are not made in a timely manner.

SCHEDULE OF MACK MCLARTY

THURSDAY, MAY 6, 1993
Draft (05/06/93 9:08 am)
NOTE: *Tom Brokaw will follow the President all day.*

Craig Kirby: Pager 202/395-6661 #4145 Cellular 202/365-2756
COS Office 202/456-6797 (Marilyn Home 703/998-5635)
Karen Sudbay Pager 202/395-6661 #4232 Home 703/276-8212

7:45 am
8:15 am

8:15 am
9:00 am

NOTE: Erskine Bowles & his family will be touring the West Wing and will be stopping in very briefly to say hello some time around 8:45-9:00 am. Contact: Susan McNey 205-6702/Beeper 605-7078.

9:00 am
9:15 am

*

S 012334

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

MEMORANDUM

PRIVILEGED AND CONFIDENTIAL

DATE: August 9, 1993

TO: Erskine B. Bowles
Administrator

FROM: Wayne S. Foren
Associate Administrator for Investment

SUBJ: Capital-Management Services, Inc.
Little Rock, Arkansas
License No. 06/06-5207

This is to inform you that there have been significant new developments concerning the above-referenced Specialized Small Business Investment Company (SSBIC) that may lead to a criminal indictment of the manager of the SSBIC, Mr. David Hale.

On August 3, 1993, the Office of Investment received a letter from the United States Attorney, Eastern District of Arkansas, concerning the Licensee's 1988 application for $900,000 in SBA leverage. In connection with the application, the Licensee is alleged to have engaged in a series of bogus transactions that caused SBA to believe that the Licensee had increased its private capital by $400,000 and that problem investments had been repaid. On the basis of the Licensee's false statements, SBA approved funding in the amount of $900,000.

We understand that the U.S. Attorney met with Mr. Hale and his attorney on August 6, 1993 and presented him with a draft indictment alleging that Mr. Hale and two other individuals defrauded the United States (SBA) in 1988. SBA was sent a copy of the draft indictment. SBA personnel from the Investment Division and the Office of General Counsel will meet with the FBI and the U.S. Attorney in Little Rock on August 10, 1993 to discuss the evidence against Mr. Hale and the SSBIC with a view towards placing the SSBIC into receivership.

We have also been informed by the Assistant U.S. Attorney that the licensee made false statements in a 1992 application for SBA leverage in the amount of $6.0 million. The 1992 request for funds was not approved. Finally, the FBI and the U.S. Attorney are investigating the Licensee's 1986 and 1983 leverage applications to determine if fraud was involved.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

DATE: September 21, 1993

TO: Erskine Bowles,
Administrator

FROM: Wayne S. Foren,
Associate Administrator
for Investment

RE: Capital Management Services, Inc.
Little Rock, Arkansas
License No. 06/06-5207

SBA was appointed receiver of Capital Management Services, Inc. (CMS) on September 15, 1993, by Court Order in Civil Action No. LR-C-93-646 in the U.S. District Court for the Eastern District of Arkansas, Western Division. SBA was appointed Receiver for the purpose of liquidating all of CMS' assets and satisfying the claims of CMS' creditors in the order of priority as determined by the Court. Judge David L. Hale, the president and a director of the licensee, consented to the receivership. Judgment was rendered against CMS in favor of the SBA for the sum of $3,816,154.21 plus accrued interest, dividends and post judgment interest.

On Monday, September 20, 1993, Mark K. Stephens, Associate General Counsel, and Cecilia Seay, the Receiver's agent retained to liquidate CMS, closed the bank accounts of CMS (approximately $3,200 remained in the bank accounts), seized the records of CMS, and are in the process of martialling the assets.

The U.S. Attorney's office informed Mr. Stephens that they are scheduled to make a presentation to the Grand Jury on Tuesday, September 21, 1993, at 3:00 p.m. and are expecting indictments to be returned on Tuesday or Wednesday, September 21 or September 22, 1993 against Judge Hale and two other individuals. Judge Hale's attorney, Mr. Coleman, has indicated that Judge Hale may step down from his position as a municipal judge if the indictment is returned against him.

Ownership and Management of the Licensee (as represented to SBA):

NAME	TITLE	% OF OWNERSHIP
David L. Hale	President/Director	82
Linda S. Hale*		9
Hazel Dennis		9
James Hall	Secretary/Director	
George Ivory	Vice President	

* David Hale's wife.

SBA provided financing to CMS through the purchase/guarantee of three subordinated debentures totalling $2,000,000 ($500,000 dated November 30, 1983, $1,000,000 dated September 8, 1986, and $500,000 dated March 17, 1989) and the purchase of $1,400,000 in preferred stock ($500,000 in 1980, $500,000 in 1986, and $400,000 in 1989).

Failure to inform SBA of Capital Impairment is the violation stated in the Complaint. CMS is approximately 171% capitally impaired.

Per the last Financial Statement (SBA Form 468) submitted to the SBA dated September 30, 1992, CMS maintained a cash balance of $51,819, and owned 15 notes and 7 equities with a total principal balance outstanding and valuation for the same sum of $2,214,402. At September 20, 1993, approximately $3,200 cash remained in the CMS bank accounts. The Office of Liquidation believes that many of the listed portfolio assets are questionable or do not exist.

cc: John T. Spotila
Martin D. Teckler

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

MEMORANDUM

TO: Martin Teckler

FROM: Erskine Bowles

DATE: March 3, 1994

SUBJECT: Capital Management Co.

I am recusing myself from all involvement in the SBA's ongoing investigation into Capital Management.

My instructions to you and others since this investigation began still stand. These instructions are:

1. Undertake the Capital Management investigation in the same vigorous manner you would any other investigation of an SSBIC. If you find any evidence of fraud or abuse, you should take every appropriate step to prosecute the person or persons who have perpetrated this malfeasance; and

2. The SBA should provide Chairman LaFalce with any relevant information that he requests. This information should be provided as soon as possible after the request is received.

MEMORANDUM

DATE: 11-22-93

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

RE: Weekly Report

(8) We met with the principal deputy of the Fraud Section of the Civil Division of the Department of Justice to review criminal matters relative to Capital Management Services, Inc. In addition, we coordinated a response to House Small Business Committee on this matter.

MEMORANDUM

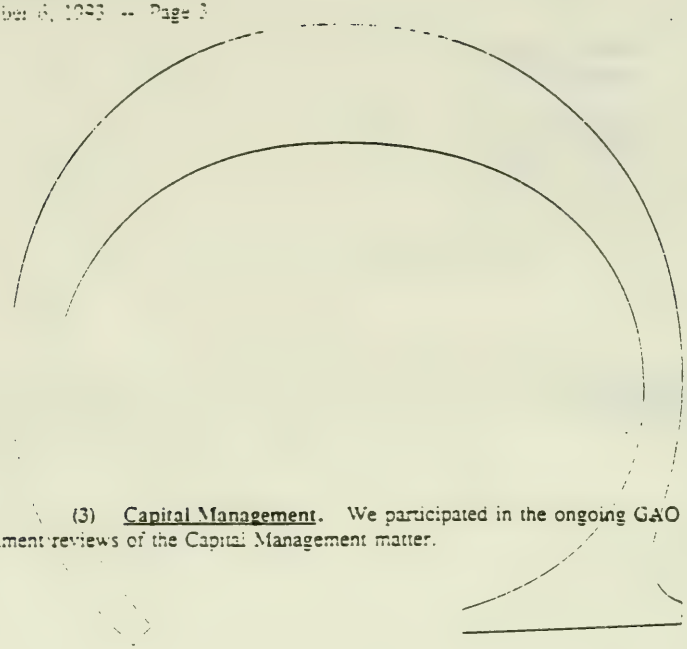
TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

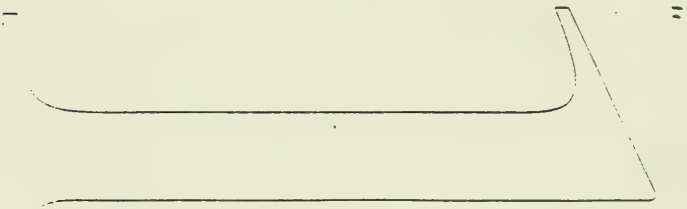
DATE: December 6, 1993

RE: Weekly Administrator's Report

LITIGATION:



(3) Capital Management. We participated in the ongoing GAO and Justice Department reviews of the Capital Management matter.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: January 21, 1994

RE: Weekly Administrator's Report

FINANCE AND LEGISLATION

2. Whitewater Development Company/Capital Management Services. Prepared response to Congressman Leach's request for documents in conjunction with Whitewater Development Company, and assisted in preparing a report to the House Small Business Committee on Capital Management Services SSBIC.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: January 31, 1994

RE: Weekly Administrator's Report



SBIC

1. Capital Management Services, Inc. During the week of January 24-27, 1994, Mark Stephens, Associate General Counsel, and Helen Mincer, Financial Analyst, worked

in Little Rock, Arkansas on the receivership action. On Tuesday, January 25, they met with Robert Fiske, the newly appointed Special Counsel, to review matters involving David Hale, the former principal of Capital Management, who is currently under indictment. In addition, meetings were held with borrowers and former board of director members regarding their involvement with Capital Management. The meetings with the borrowers and board of director members were attended by General Accounting Office representatives who are reviewing the Capital Management matter at the request of the Small Business Committee.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: February 14, 1994

RE: Weekly Administrator's Report

1. Capital Management Services, Inc. On February 9, 1994, Mark Stephens and two representatives from the Investment Division met with the Special Counsel and his staff regarding the criminal action against David Hale, the former president of Capital Management Service, Inc. ("CMS"). The Special Counsel has sought SBA assistance in reviewing CMS's files and transactions. David Hale was indicted on two counts of conspiracy and one count of filing false statements with SBA; a trial has been set for March 28, 1994.

cc: Cassandra Pulley
Katie Broeren
Rick Hernandez

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: March 28, 1994

RE: Weekly Administrator's Report

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: March 7, 1994

RE: Weekly Administrator's Report

3. Capital Management Services. Prepared report on the Receivership of Capital Management Services, to be submitted to the House Small Business Committee in response to the request of Chairman LaFalce.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

MEMORANDUM

TO: Erskine B. Bowles
Administrator

FROM: John T. Spotila
General Counsel

DATE: June 27, 1994

RE: Weekly Administrator's Report

RECOMMENDATION FOR WHITE HOUSE REPORT

None

Capital Management Services, Inc. On June 20, 1994, we met with the attorney for David Hale and representatives of the Special Counsel to continue our ongoing investigation into Capital Management and to try to collect on the investments in its small business concerns. We also obtained payment in full on one account for $143,000. The FOIA material was also addressed and will be completed next week.

cc: Cassandra Pulley
Katie Broeren
Rick Hernandez

AD 9403280019 F-MYERS

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

April 11, 1994

Honorable Jan Meyers
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Meyers:

This is in response to your March 23, 1994 inquiry regarding my recusal from involvement in the Capital Management Services matter.

Throughout my tenure as Administrator of the Small Business Administration direct responsibility for the handling of all aspects of the investigation of and prosecution of any SBIC or SSBIC suspected of wrongdoing have been delegated to the career Investment Division and Office of General Counsel personnel who normally are involved in such cases. Capital Management has been treated in the same manner as all such other cases. I have never reviewed the Capital Management file.

It has been my practice at the SBA to recuse myself from any situation where there could be asserted even the remotest hint of a conflict of interest or perception of impropriety. To avoid even the appearance of impropriety, I verbally advised my staff in the late fall of 1993 that I intended to separate myself, even more thoroughly than an Administrator normally would be in an SBIC legal matter, from all aspects of the Capital Management matter. At the same time, I firmly instructed each of the staff that they were to pursue the investigation and prosecution of this matter vigorously, and that they were to cooperate fully, completely and quickly with any governmental agency investigating or prosecuting this matter.

On March 3, 1994 I memorialized my prior recusal in a memorandum to our Deputy General Counsel, who is our ethics officer as well as the career staff member who has been supervising our management of the Capital Management case from a legal perspective. I previously have provided a copy of that memorandum to the staff of the House Small Business Committee. A copy is attached to this letter for your information.

Very truly yours,

Erskine B. Bowles
Administrator

Attachment

Memorandum

To : SAC, LITTLE ROCK (86A-LR-34847) P Date 8/20/93

From : SSA STEVEN D. IRONS

Subject: THOMAS W. ANDERSON;
ETAL
FAG-SBA
OO: LITTLE ROCK

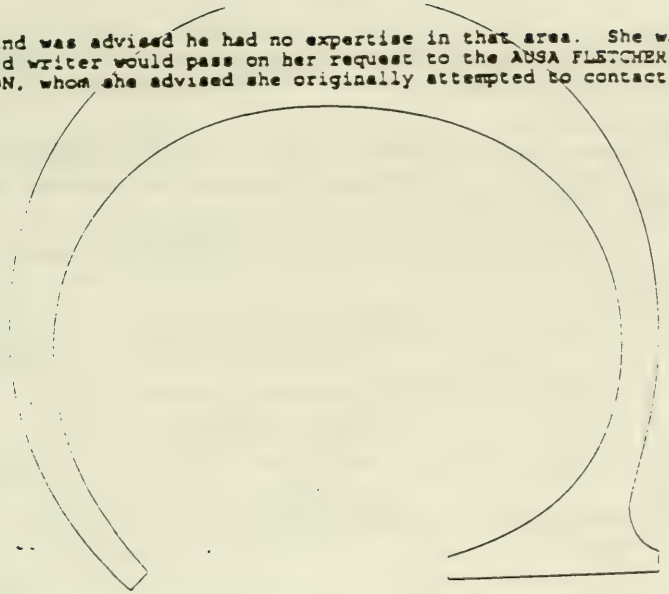
On 8/16/93, writer telephoned SSA KEVIN KENDRICK at FBIHQ, FIF Unit, to advise the Resolution Trust Corporation (RTC) had advised it would provide a referral concerning Madison Guaranty Savings and Loan Association (MG) by September 2, 1993. SSA KENDRICK was familiar with the details of the previous RTC referral received by Little Rock in October, 1992, and the circumstances surrounding it. Writer advised SSA KENDRICK this office might open a case on MG prior to receipt of the referral due to information developed in captioned matter. He was further advised captioned matter had resulted in a subject mentioning individuals common to the October, 1992, RTC referral. Writer further advised the Assistant United States Attorney (AUSA) assigned to the matter reported being told a Little Rock attorney had traveled to Washington instant date to meet with unknown officials to attempt to have the investigation quashed. SSA KENDRICK was asked to be alert for any questions from DOJ or other sources indicating interest in captioned matter or the upcoming referral. He advised he had been questioned about MG by his superiors approximately two weeks ago. SSA KENDRICK asked for a teletype and was advised one would be sent when there was information to send.

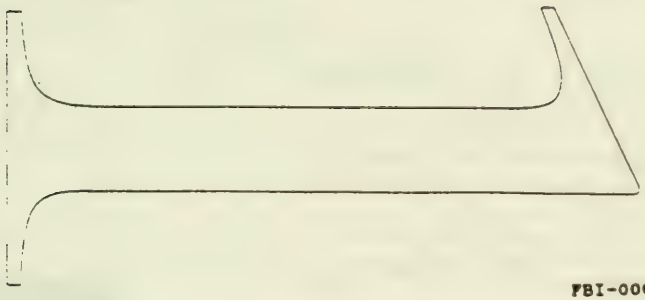
Also on 8/16/93, writer telephonically advised SSA JANE ERICKSON, GF Unit, of captioned matter, the rumored visit of an attorney to Washington, and the potential sensitivity of information a subject was claiming to have. SSA ERICKSON asked for a communication and was told one would be sent when there were additional facts. On 8/17/93, SSA ERICKSON called writer and again asked for a communication and was faxed a copy of the initial airtel and LHM provided when captioned matter was opened.

On 8/20/93, JEAN LEWIS, RTC, telephonically contacted writer seeking clarification of Federal Campaign Contribution

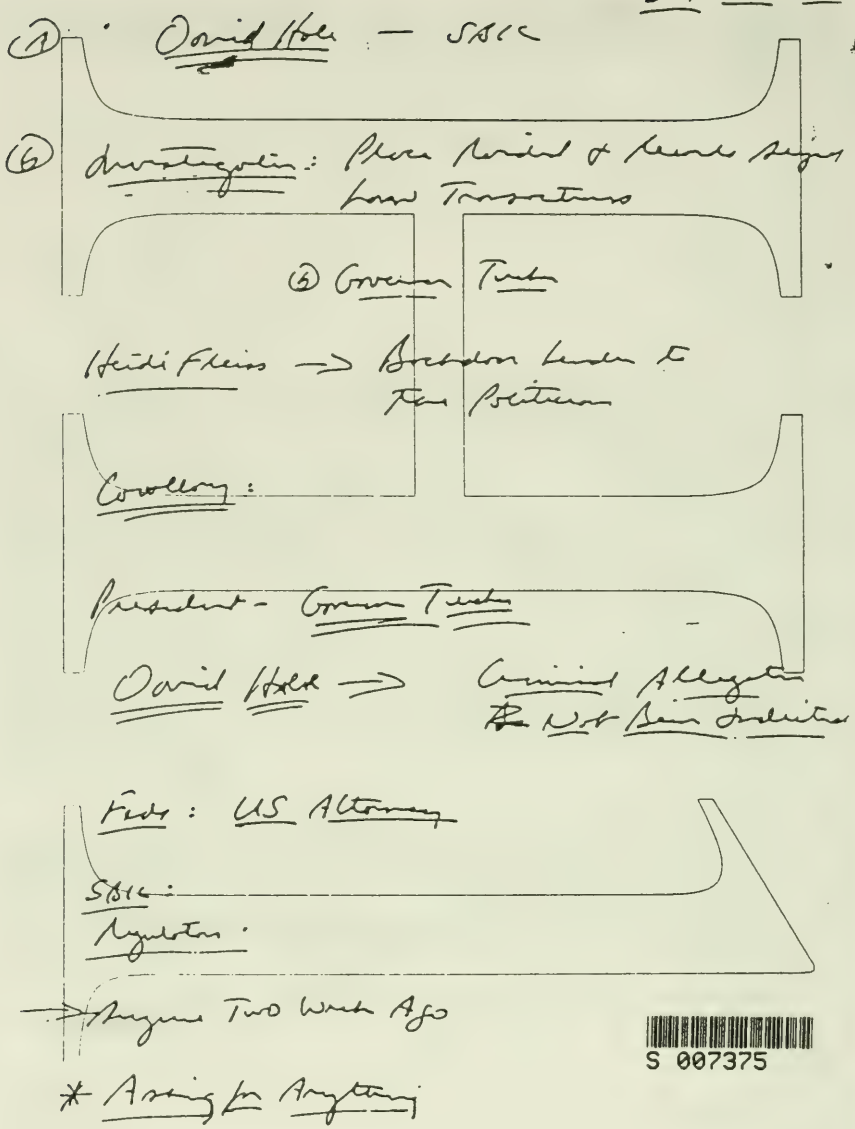
SDI/sdi
(2)

laws and was advised he had no expertise in that area. She was advised writer would pass on her request to the AUSA FLETCHER JACKSON, whom she advised she originally attempted to contact.





501-374-110



S 007375

Randy Coleman 501-374-1107 8/19/

David Hale SBIC — Capitol Mgmt Services

Investigation → 2 weeks ago
FBI original records - 2 wks ago

Notice of Investigation — Property of Lorenz Bank past few years

Deposit Slips and loan transaction sheets related to various Companies

All records liquidation of SBIC →
Both of our names engraved on

Whitewater Development Corp.: Not signing w/ David Hale

Transactions: Both long
Castle Grande Work:

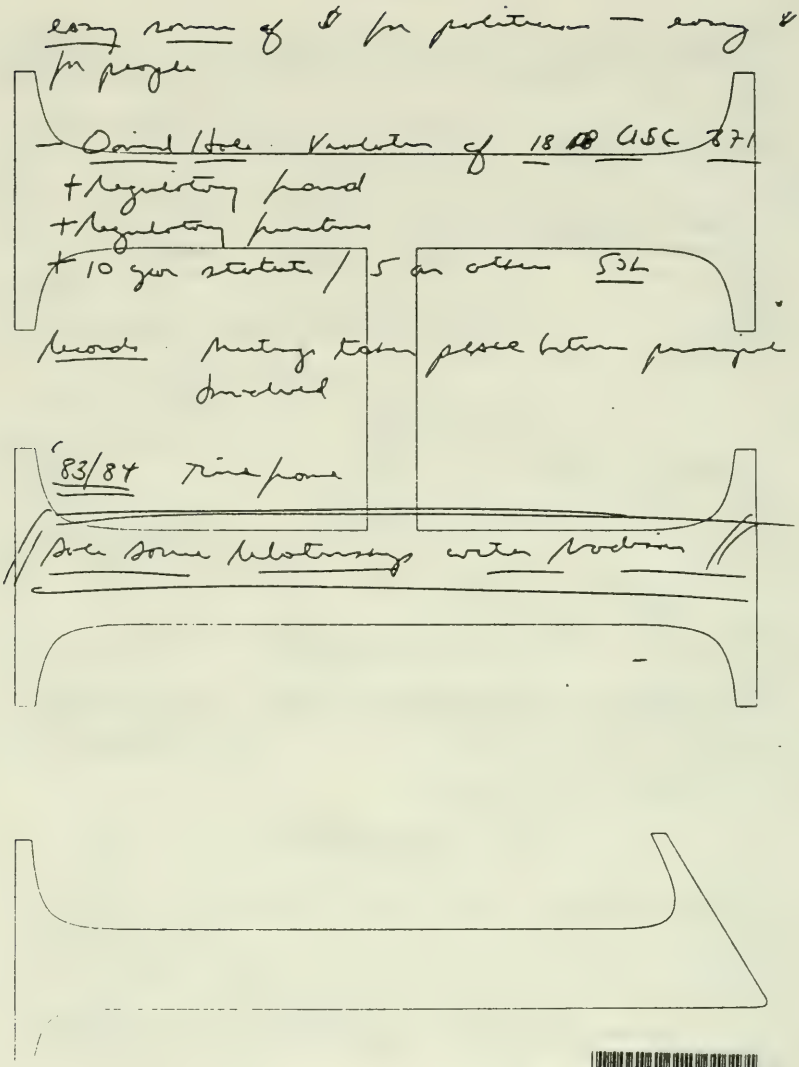
Indictment of Initial Indictment

Total loans from SBIC SBIC
Mortgage information received w/in Jurisdiction

Any loan personal Bank Loans with David Hale
~~knowledge~~ knowledge



Madison Guar



S 007377

[redacted]

BK → BN on

SK → NO intg. s/b held - very little we can do

RC: → this bit answered → multiple pending cases +
run the maps - see what everybody's working

I represent David Hale - SBK - Capital Mgt. Services
I would say it's pretty much limited
involves propriety of loans made by SBIC

Due diligence - I mentioned how are some
loan instruments that relate to Madison Guarantee →
Your CS name has popped up → both of your
Administrative Develop. Corp

"They are not stepping on us, I can guarantee you that"

Steve Lamb
Kroll
Walter Disney - Jim Guy Tucker

Talking about an initial indictment 6121

Take out loans from the SBIC to try to salvage some
investments that existed with Madison for these entities
These are not Kroll loans.

OK - You mean Madison may have provided the funds of Dixie?

RL - Yeah I'm not . . . The Madison deal is coming
back to me

WILBOURN

SK: David Pryor's name is all over this deal?

S 007956

BL: LIBONATI, What do you anticipate Bonds going to be charged with?

ZK: 18 USC § 371 → regulatory fraud

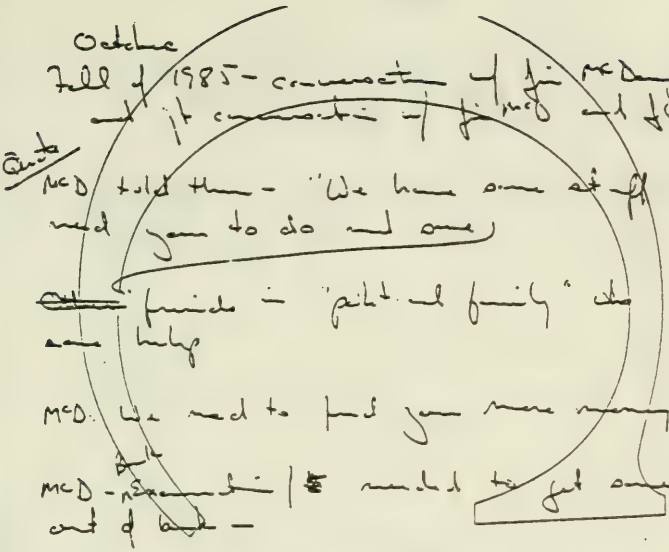
BK: I appreciate the heads-up.
I would have thought the statute would have run

ZK: Thing got a lot more complex, and a S in stages

ZK: Not a full-blown entanglement w/ Fraisen - Agree?

ZK: No.

S 007957



October
Fall of 1985 - connection of Jim McDonald
and [illegible] connection of Jim McD and JCT

Quote
McD told them - "We have some of the
need you to do and some

[illegible] funds in "pilot oil family" the need
some help

McD: We need to find you more money

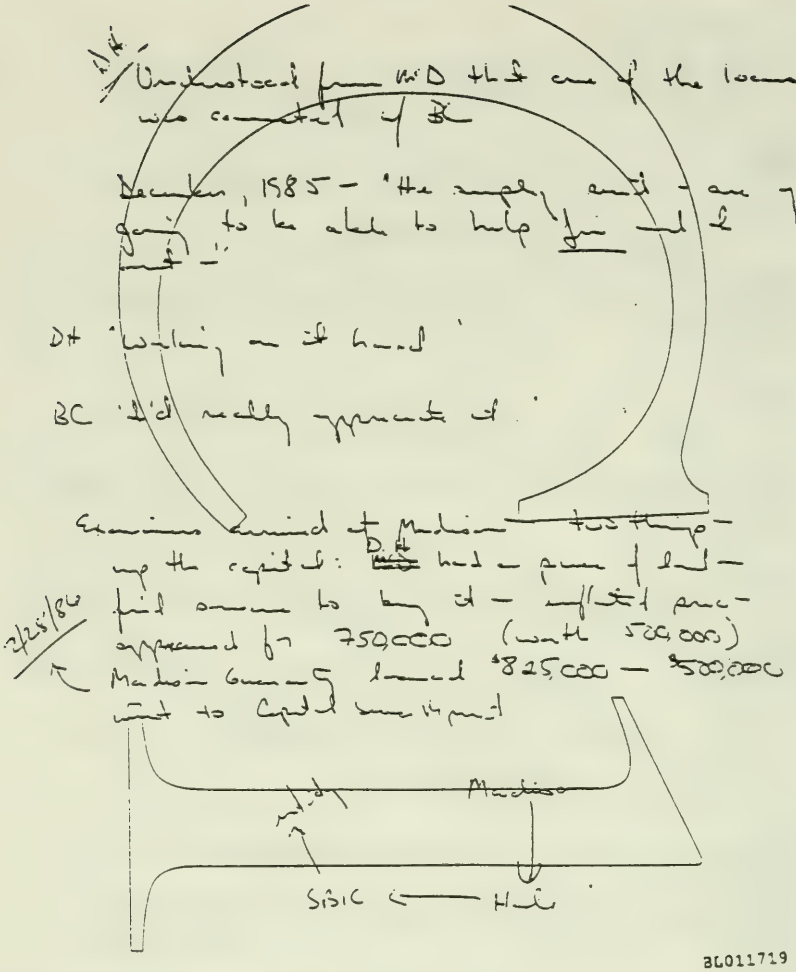
McD - [illegible] needed to get some loans
out of bank -

Talk to other financial - get him more capital

Room - Castle Water Loan - $150,000 - 1.6 F
Stan Smith loan - $65,000 →
⇒ Stan McDonald - $150,000 at the time -
like $300,000

Quote: JCT - McD has his "tit" [illegible] a mayor -
JCT - in this office name and another person -
his related company - W&S loan - personal -

BL011718


Understood from WD that one of the loans was connected w/ BC
December, 1985 - "the supply unit - are going to be able to help [illegible]
DH working on it hard
BC did really appreciate it
Examiner worried at Madison - too thinly-
ing the capital: DH had - piece of land -
fail owners to buy it - offered price-
approved for 750,000 (with 500,000)
Madison loaning land $825,000 - $500,000
went to Capital investment
Madison
SBIC
HUD

BL011719

Feb/March 1986 - before I had dentist
how many - prior to Feb 28, 1986

Telephone called from Jim McD - MD/BC wanted to
see him - went to an office that Jim McD was
operating out of

Castle Grande - 145th Street

Maricopa - County Courts Complex mentioned

6:00-6:30 p.m. - MCD/BC - ~~arguing~~ [illegible] -
when ~~he~~ walked in "[illegible]" -
talking about Jim McD's holding a fund raiser for SEC
for BC

20 minute discussion - purpose of [illegible] -
was to "clean up" (McD's words) books and
records at Maricopa County ~~[illegible]~~ -a
transcript that had evidently tampered with
White

BL011720

Both McD/BC participated -

It was a natural thing - my name should show up anywhere on the thing -

We could give you some security for the loan - Marine Co properties as possible security -

very nervous - said this had to get done

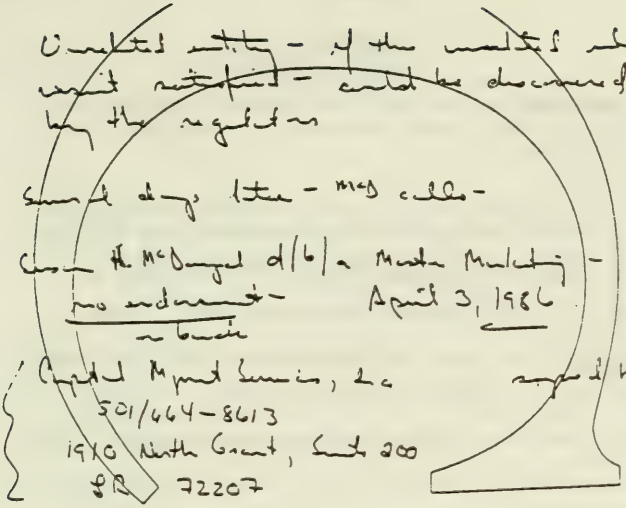
We got to clean it up - all I know is they had a problem - bad problem - nothing to do w/ the examination -

We could offer some security if you need something for your file - all I do is number is what something -

Understood that BC's name couldn't show up - McD - [illegible]

BL011721

We know they had borrowed some money 150,000 because of problems Marine was having - [illegible]



Contacted with - if the material which
would not print - could be discovered
by the magician

Second day, letter - McD called -

Chose the McDougal d/b/a Master Marketing - $300,000.00
no endorsement -
in bank
April 3, 1986

Capital Mgmt Services, Inc
501/664-8613
1920 North Grant, Suite 200
LR 72207

signed by David Hall

Follow

Then

Personal account/converted into the cashiers check

"How did this qualify for loan for the advantage" -

Name not - statement of purpose - Marketing/Advertising

1986 - $2.2 Mill - - Financial Statement

BL011722

letter, as required by the Right to Financial Privacy Act, 12 U.S.C. § 3412(f):

> The information pertaining to this matter may have been derived from the financial records of customers of federally insured financial institutions. I hereby certify that (A) there is reason to believe that these records may be relevant to a violation of a federal criminal law, and (B) the records were obtained in the exercise of RTC's supervisory or regulatory functions.

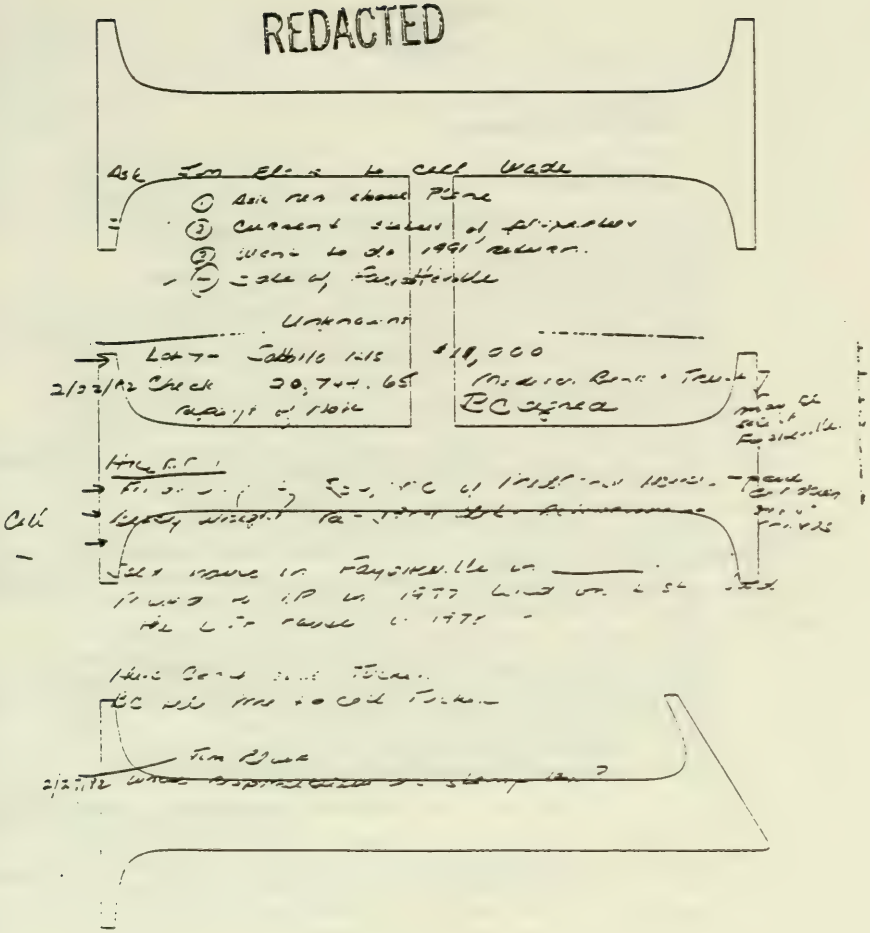
Referrals for money laundering and other financial crimes may also be made in this manner to components of the Treasury Department (e.g., the Secret Service). In cases of referrals to other federal agencies, the Legal Division Criminal Coordinator should be consulted to ensure compliance with the other requirements of the Right to Financial Privacy Act.

Copies of significant criminal referrals should also be sent to the Office of Investigations, Washington, D.C. Significant referrals are those which qualify to become "major" cases under DOJ guidelines: (1) Loss due to apparent criminal conduct is $100,000 or more; (2) The apparent criminal conduct involves a director, officer, professional (e.g., attorney or accountant), or shareholder of the institution; or (3) Other compelling reasons (e.g., the apparent misconduct is part of a pattern or practice involving other financial institutions or the scheme or

HOUSE

TH0705

REDACTED



The New York Times
WASHINGTON BUREAU
6TH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 862-0300

March 9, 1992

Susan Thomases
Wilkie, Farr and Gallagher

Dear Ms. Thomases,

I have some further questions pertaining to the McDougal/Clinton relationship. I thought it best to put them in writing. I do not know what my deadline is, but I think we both should operate on the assumption that I will need answers by 6pm today. If that changes I will let you know as soon as I know.

Marlin Jackson, the banking commissioner in 1983, told me he warned Mr. Clinton that year about shoddy practices by McDougal and his bank, Madison Bank and Trust in connection with an action against the bank. This was one reason the Clintons moved their loan out of the bank, he said. What does Mr. Clinton remember about this? Should it have given him pause about continuing his dealings with Mr McDougal?

You have said that Hillary recalls the Madison account being brought into the Rose firm by Rick Massey. McDougal says it came after a request from Mr. Clinton, who discussed it in Mr. McDougal's office, mentioning the couple's need for financial help. By Mr. McDougal's account, Hillary came by a few hours later and discussed a retainer arrangement with Mr. McDougal. So either of the Clintons have any recollections concerning this? Mr. McDougal has also said Gov. Clinton requested help in retiring his campaign debt in 1984, resulting in a dinner, which you said you had confirmed. Is there anything more you want to add about this, in light of the questions raised one year earlier by Jackson about McDougal?

The Clintons say they lost $25,000 in Whitewater? Do you have any document to back that up and if so could I have a copy? If that can be demonstrated, I would very much like to do so in print.

As I told you last week McDougal asserts that his wife is out $40,000 and he says his losses are somewhat greater than that. He has not produced any document to back that up, but the documents I have reviewed suggest he was subsidizing Whitewater through loans and payments to a far greater extent than the Clintons. Can I see any other documents you have on this issue?

The checks stubs we both have reviewed show repeated overdrafts in Whitewater's account at Madison. Were the Clintons unaware of this? Do you have evidence that Whitewater paid any kind of interest or fee in connection with the overdrafts?

Kendall
Engstrom
Nussbaum
Lindsey
Lyon
Eggleston
Kennedy

1. Gather the facts
2. Try to find out what's going on in Investigation
3. Respond to requests that are made
4. Strategy for dealing with the media
   -One person

Came up in the campaign

'89 Indicted in Arkansas--McDougal

'92 Campaign--Issue up that were 50% owners w/ McDougal '78-WWDC

Position: - Clintons had lost $ in WWDC
Unable to substantiate this in detail
$68,000 at least
-McDougals $92,000 lost-maybe

HRC representation of Madison - Not much activity representing people before agencies
2 RLF letters Beverly Bassett

1. Madison
2. PP of pfd stock

Beverly Basset - Responded w/ auth to do both
Recently appointed BB as Sec Cer

Brother early and strong supporter
Too much coziness

RLF - answered questions
Did reconstruction

Report: Clinton had taken the deductions that WWDC had not taken
Tax advantage of $2500
Not repay government yet-promise

II July 20th: FBI issued subpena & took records of municipal judge named Hale

Also the day that VF killed himself
Factor



Asked for records of Capital Services Management--SBIC

David Hale - indicted

Inflate NW-qualify for additional loan authority-borrowed securities and then returned

David Hale: proffer--false statement filed 88/89
Two instances

'85/'86: urging of politicians made loans not repaid -- needed additional loan authority

Clinton: encouraged loan to McDougal and JGT wife
CSM made loans to JGT

Tried to sell to USA-
Then to Gerth of NYT - Denied conversation-Loan Editors

DH - non-LR story

McDougal also denied

III. RTC referral w/r/t McDougal

Included a reference to 4 campaign checks
4/85 BC personally

Campaign Committee

3 checks written on Madison--all $3,000

4th check on McDougal personally--signed by Susan McDougal

Les Patten:

David Hale

Tunnel at Capitol--Clinton says McD will call you-DH-hope you'll help em

145 Street Trailer - Jogging Shorts

Shopping Malls - Clinton says do you know what bitch Susan did with money-sed

Clinton denies any of 3 occurrences

McD denies

now lunch in restaurant

S 012530

Jeff Gerth

"Hale did affidavit - NYT backed away"

Steve Smith filed for BR

Bought Bank of Kingston with McDougal

McDougal in business with JGT - Madison
JWF

McDougal: "Powers of Atty" Not get info needed
Get more involved--wind down
Only lines of communication through Sam Huer

Arrange for 50% interest

Jim Blair

June - LR Acct

Tax returns had not been filed

VF agreed have Docs prepared and delivered to McDougal

Turn over Corp Records

June, 1993 - VF tax returns

Sent Directly from Acct to McDougal
Assume have been filed

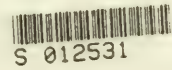
90/91Brown, Rogers & Co

Yoly Redden

Clintons Acct

3/4 Times	Huer	Blair Contact
	Huer	
2/3, 1992		Have 1
	Involved w/ VF	
	Try to arrange sale	

Blair could have knowledge
Could be source of money
to allow McD to purchase stock



Nominal & respectable + Out of the Air

-Jim Hamilton
-Webb Hubbell

-Blair, Jim

-Loretta Lynch - Helped Reconstruct

-Susan Thomases
-Charles James

-Jim Lyon has workpapers

-Betsy Wright/Hubbell Docs

-Return Docs to Dave Kendall

Corporate Records - Not to McDougal bec BW

HRC/RLF: - Loretta organized Charles James
Acct for WW
Public Docs: Recorded

Loan Docs:

-Knowledge of referral - Gerth & Isikoff: Referrals include campaign checks

- Pull deposit slip that had with it copies of checks - do know who persons are who listed contributions

-David Hale + RTC - never got press good answers

WP - campaign checks
WW

David Hale did make a $300,000 loan to Susan McD
Jim McD says purchase land in Pulaski Co from IP
purchased in name of WW in 10/86

Two months later - WWDC to Great So Land Development Company

"In WW because" Sam Huer - mistake

McD: told one press person that were losses in WW -
hoping that gain would be offset

"Clintons sigh over" SM raised with HRC
rejected it - xfer to So Land Dev Co

Did not xfer the mtge

S 012532

Ip sued WW because on the mtge

$230,000 deficiency

Post:

88 - wrap up WWDC by end of the year
McDougal - sold all the lots

5/85 Ozark Air xaction

24 Lots - $35,000
1979 Piper Seminole

Plane sold - Madison Guaranty for $25,000

McDougal took $25,000 as a Commission

Plane sold to Seth Ward - WH father in law
and then to Central Flying Service

+Trace through FAA in Oklahoma City - whose on
the airplane

+ After did reconstruction 2/3, 1992
Wrote Clinton letter - attached is accts rept

-Pat McCarthy & Assoc. Denver, Colo

+Add'l info - add'l schedule - add'l problems

Long Ver

+RLF - Madison Guaranty - Retainer at $2,000 per month

ANN + Check drawn on WWDC - payable to HRC

Bernie + Believe that it believes prob. represents
confirmed payment of $2,000 # of months for 17 months

[15 months for $2,000 per month - Retainer]
Webb Hubbell

End of '86 - asked for records
- McDougals say that all of
Corp records to HRC

Issue in campaign - 86 - Records to HRC

RLF - Campaign Jim Lyons

Loretta Lynch

S 012533

-Betsy Wright had those Records - Took em home
-Betsy Wright

WH retrieved - records from BW

Been at WH - Sent files related to WW

Make a more complete reconstruction

Charles James - subpoenaed w/SBIC matter
Relate to $ going into WW

GJ indicted Hale - Press says that GJ continue investigation

RTC - people trying to get BC and JGT

- story of a referral by RTC regarding
Indictment of JGT - Chuck Banks
rejected

Vacuum Rose Law files WWDC Docs - subpoena

*Documents - never know go out
Quietly(?)

Susan McDougal:

*McDougals acct at Madison - two different checks

*IP file partial releases of the mtge

Examiners - McDougal

Charles Peacock - proceeds went from Charles
for Clinton campaign - 85

made a donation (?).

$3,000 - $12,000 *Could all come from Charles Peacock
Loan - $ siphoned off from the Loan

Charles Peacock (Ken Peacock?)

$1500 per election - $3,000

Primary and a general

Betsy Wright - if Clinton took out a loan
not disclosed
Today - the last report
Never had a match bet receipts & expenditures

S 012534

Filed a report 30 days after the election - "Final Rept"

-Would not be a report that not reflect these contributions

Betsy said "Didn't have to disclose the loans"

[$300,000 what application from(?)]

Hale had property - Property for $750,000 to somebody that McD found

Madison loan $825,000 - 325,000 from $825,000

$500,000 in David Hale - put in SBIC

then David Hale - loaned the max to SM 2/86
4/86 - CMS to David Hale

Could be that JGT is target of RTC referral

1986 - New stmt of purpose
Flowerwood - collateral as a maker

Repay it - Promise to repay it
HRC wait to after the election
$4761.33
1978- AG + HRC new lawyer at RLF

McD may have approached Clinton - few things that could do
Buy - Subdivide - sell lots & get rich
No cash - 100% leverage

Bought from 101 River Development

202,000

$182,000 Citizens Bank in Flippin Personal Loans
$20,000 Union National Bank in LR

- Great Southern Land Co - apparently asked to do certain work & speed $ on raw ground

GSLC - credited w/ Advance to WW
$34,160.72



Subdivided - Lots sold - Purchase or Contract

Paid out over time - Revenue stream
Would service lots and pay debt

1979 - WWDC formed
Assets xfd - Mortgage + Debt kept personally

Revenues used to reduce Debt - Money paid directly on Loans for which Clintons obligors

- Ease of Admin

Lot sales were slow - 44 Lots
230 acres

HUD Interstate Land Sales Prospectus
Real Estate slows down

McD & Clinton advance & to service debt

1981: McD - put more $ in than(?) year
W - buy a show home & put on one of the lots

HRC - McD loan from MBT - will buy
Lot 13 2.5 acres
Accelerate sales
[McD also has a loan at Madison Bank]

Loan Serviced -

$2,000 paid 83
$7,200 84

Refinanced at Security Bank of Paragould

- paid off in 1989

Sold twice - Helman Logan - foreclosed
HRC gets back

HRC sells at small gain - Pays the tax and passes out of her life - paid cash

WWDC - $30,000 paid by HRC:

$28,000 goes out to pay off a debt owed by WWDC to Pesbrooke(?) -

Advance to Corporation - Actually how it is treated

S 012536

$9,000 McDougal - Interest payment (?)
- Check in Blank

5/85: Second note at Madison Bank
8/11/91
2/2/92 $20,744.65 President to
Madison Bank - expecting applied to HRC Loan -
- Applied instead to McDougal loan

8/81 - FY 92 McD borrows $30,000 from
Madison Bank
BC check in personal(?) Acct
$20,744.65 to MBT
-Not applied to HRC loan
-Repayment of Loan-
Applied to McDougal Note written on
personal acct

One year later - refinances HRC at Security Bank

Lot 13 Interest Problem

$20,744 not properly accted for

Chris Wade - runs real estate office - Ozark Lands

He believes that a part owner - no
paper/no evidence - any ownership
interest

Earn in of some kind

1985 - McDougal decides to get out - deal w/Wade

Ozark Air Services, Inc. - Real Estate Air Charter

Wade - acquire remaining 24 lots
for assumption of $35,000 (?)
at Flippin

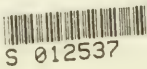
+ Airplane

*Airplane xfed in blank(?) - sold for $25,000

*taken by McDougal as a commission
Not Reconstruction -
$11,000 -

Clinton not released until Fall of 1992

Blair up - Chris Wade



Owe IRS

[WWDC - $232,000]

[Goes to GSLC:]

Sold stock for $1,000

Term as governor - rept as asset/liability/neither

1st Federal Candidate Disc Form
-Did not disclose bec did not know existed

-Blair/Foster/Lyon - get rid of it
McD buy it - HRC told to sell it

Xaction structured by Blair

McD - Buy

-Indemnity & Hold Harmless McDougal

-Tax Time: Clearly lost $ - LT Capital Loss

Could write off up to $3,000 per year
LTCG

--Concluded that if do that --

IRS:

No Basis - $1,000 Gain - Pay taxes on $1,000

12/92

S 012538

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 Newsweek
Newsweek

January 8, 1996 , UNITED STATES EDITION

SECTION: NATIONAL AFFAIRS; White House; Pg. 43

LENGTH: 806 words

HEADLINE: A Churning Scandal

BYLINE: BY MARK HOSENBALL AND MICHAEL ISIKOFF

HIGHLIGHT:
How another old Clinton insider tried to contain Whitewater the story that won't go away

BODY:
AS BILL AND HILLARY Clinton were preparing to leave Little Rock for Washington in December 1992, their lawyer, Vince Foster, had a small but important item on his list of things to do: get the Clintons out of Whitewater. The company was all but defunct and the Clintons' shares were worthless. But their long involvement with James McDougal, the mercurial wheeler-dealer who was ousted as chairman of his Jailing Arkansas savings and loan in 1986, had already attracted the attention of investigative reporters and federal banking regulators: Whitewater was a political liability. James Blair, a prominent Arkansas lawyer who was part of a "defensive research team" to fend off Whitewater allegations for the Clinton campaign, came up with a simple idea. Why not close the books on Whitewater by getting McDougal to buy out the Clintons' interest?

"I didn't think the Clintons should go to Washington tied in to McDougal," Blair told NEWSWEEK last week. Blair, the general counsel for Tyson Foods, the giant Arkansas chicken firm, is one of Bill and Hillary's best friends. He is the man who helped Hillary Clinton make a killing in the cattle-futures market in 1979. As he told NEWSWEEK, Blair had tried once before to help contain the McDougal problem. That was in the winter of '92, when Clinton's campaign was underway and McDougal was making damaging comments to the press. Blair paid him a call. "Shut up," Blair says he told McDougal, adding that he could endanger the campaign.

But this time there was a problem. McDougal, who had escaped conviction in the demise of his S&L, was apparently broke. So Blair loaned McDougal the money -- $ 1,000 -- to buy the Clintons' shares. On Dec. 22, 1992, with Vince Foster handling the transaction, the deal was done. Blair says he never told the Clintons about lending McDougal the money. He also says McDougal never paid him back.

Blair's loan, never before disclosed publicly, is one more sign of the Little Rock crowd's strange sensitivity about the scandal that will not die. Aides to Sen. Alfonse D'Amato, the GOP's point man on the Whitewater affair, say the Clintons may have violated financial-disclosure laws by failing to report Blair's $ 1,000 loan as a gift to them. "This was really Blair giving a gift to the Clintons," one D'Amato staffer said. But David Kendall, the Clintons' lawyer, says that the Clintons disclosed the sale and that D'Amato's staff is

wrong. "The money came from McDougal," Kendall said. "Legally, there's no issue."

But the matter gets curiouser. Notes taken during a meeting in Kendall's office on Nov. 5, 1998, contain cryptic references to Blair. One of the notes, taken by the then White House lawyer William Kennedy, says, "Blair could have knowledge. Could be source of money to allow McD to purchase stock." The timing is significant: Whitewater had just exploded on the front pages, and Clinton's legal advisers were trying to get up to speed. One person who could have helped was Foster -- but Foster had committed suicide four months earlier. To judge by evidence D'Amato's committee has already gathered, his death threw the Clintonites into something close to panic. D'Amato's theory, still unproven, is that they feared damaging disclosures from Foster's files on Whitewater -- and potentially even more embarrassing details about Hillary Clinton's legal work as a partner in the Rose Law Firm for Madison Guaranty Savings and Loan, McDougal's failed thrift.

Indeed, D'Amato's committee has recently uncovered more evidence about Mrs. Clinton's relationship with Madison. Hillary Clinton represented Madison before state regulators appointed by her husband. She has stated under oath that her involvement with Madison as a client was "minimal." But newly discovered notes taken in 1992 by Susan Thomases, Mrs. Clinton's confidante, state that Mrs. Clinton had "numerous conferences" with McDougal and another Madison executive. Even more puzzling, the Rose Law Firm's billing records -- records that could clear up the confusion -- have vanished. (The firm's managing partner says any removal of files was unauthorized.)

During the '92 campaign -- and since -- Clinton's aides have attempted to downplay the connection between Bill, Hillary and Jim. David Kendall dismisses this line of inquiry as "the same tired, tedious charges." Still, the emerging record suggests that the Clintons' friends were worried about something -- and the behavior of the First Couple's advisers, both before and after Foster's suicide, looks like a bungled cover-up. Did Madison benefit from the fact that its lawyer was the governor's wife? Did anyone, then or later, act to conceal evidence of impropriety? Realists on D'Amato's staff say we may never know the answers -- but the appearance of a cover-up is what keeps the story alive.

GRAPHIC: Picture, Down home: Just after the '92 election, Foster and Blair tried to help extricate the Clintons from the Whitewater web, J. SCOTT APPLEWHITE -- AP

LANGUAGE: ENGLISH

LOAD-DATE: January 11, 1996

List of Attachments

1. Small Business Administration License Application, SBA Form 415, for Capital Management Services, Inc. dated September 18, 1978.

2. David L. Hale's Statement of Personal History and Qualification of Management, SBA Form 415A, dated July 31, 1979.

3. Schedule entitled "Changes in Private Capital and/or Operator for Capital Management Services, Inc."

4.Schedule entitled "Leverage Received from SBA By Capital Management Services, Inc."

5. Annual Report, SBA Form 468s, for Capital Management Services, Inc. for 1979 to 1992.

6. List of Financings by Capital Management Services, Inc. to Small Businesses Recorded between Calendar Years 1980 and 1993 based on Portfolio Financing Reports, SBA Form 1031s, by year of financings.

7. List of Financings by Capital Management Services, Inc. to Small Businesses (SBC) Recorded between Calendar Years 1980 and 1993 based on Portfolio financing Reports, SBA Form 1031s, by name of SBC.

8. All Portfolio Financing Reports, SBA Form 1031, submitted by Capital Management Services, Inc.

9. Audit Reports for Capital Management Services, Inc. dated 1979, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1989, 1991, 1993.

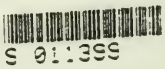
10. Memorandum Referring Capital Managements Services, Inc. to Inspector General for Investigation from Associate Administrator of Investment dated May 5, 1993.

11. Complaint for Receivership: United States of America v. Capital Management Services, Inc. Civil Action No. LR-C-93-646, filed in the U.S. District Court for the Eastern District of Arkansas Western Division, filed September 14, 1993, includes Stipulated Settlement and resulting Order dated September 15, 1993.

12 Indictment of David L. Hale, Charles Matthews, and Eugene Fitzhugh, filed in the U.S. District Court for the Eastern District of Arkansas, September 23, 1993.

GAC 002401

Neil Eggleston said the additional information is a [illegible] foot high. He has a call in to SBA to find out if it contains reference to either the President or Hillary. He can obtain a copy of the documents if it appears necessary but does not believe it is problematic.



S 012604

TIME	*RESOLUTION*	*NAME/AGENCY*	*PHONE NUMBER(S)*	*MESSAGE*
4:58 pm	IMPORTANT	Neil Eggleston		Has some Whitewater documents to go over with you. Will come by about 6:00 p.m.

U. S. Department of Justice

Criminal Division

Washington, D.C. 20530

NOV 20 1993

MEMORANDUM

TO: Files

FROM: G. Allen Carver, Jr.
Principal Deputy Chief
Fraud Section

SUBJECT: Telephone Conversation With Mark K. Stephens

This memorandum summarizes the main points of my telephone conversation with Mark K. Stephens, Associate General Counsel, SBIC Litigation, U.S. Small Business Administration ("SBA"), beginning about 2:35 p.m., November 17, 1993.[1]

Mr. Stephens told me that he had received a telephone call from Dwight Bostwick, Fraud Section trial attorney, who had requested a copy of any report relating to activities of Capital Management Services, Inc. ("Capital Management") made to the Small Business Committee of the U.S. House of Representatives on or about November 15, 1993, and wanted to talk with me about the request. I explained that Mr. Bostwick's request was made as follow up to my earlier instruction to Fraud Section trial attorney Don Mackay to ask the SBA to give him a copy of the report.[2]

Mr. Stephens said that the SBA had given the Committee a letter with enclosures consisting of a number of documents relating

[1] His office address is 409 3rd St., S.W., Washington, D.C. (telephone number (202) 205-6860; fax (202) 205-6846)

[2] On Saturday, November 6, 1993, I noticed an article in The Washington Post reporting that on November 4, 1993, Representative John J. LaFalce (D-NY), wrote to SBA administrator Erskine Bowles and to the SBA Inspector General asking for an investigation of the activities of Capital Management Services, Inc., and a report on the investigation for the Committee by November 15, 1993. Early the following week I asked Mr. Mackay to ask the SBA for a copy of the report immediately upon its completion and submission to the Committee.

to Capital Management.[1] He offered to give me a copy of the letter with the enclosures. We agreed that he would come to my office at 2:00 p.m., November 18, give me the copy, explain the materials to me, and present an oral description of the SBA program involving Capital Management. I told Mr. Stephens that Fraud Section deputy chief John Arterberry and a Federal Bureau of Investigation agent might attend the meeting.

During the conversation Mr. Stephens told me that the SBA General Counsel, John Spatila (?), after clearing the action SBA Deputy General Counsel Marty Teckler (the SBA's ethics official), caused a copy of the letter with enclosures to be given to Neal Eggleston of the White House Counsel's office. I asked Mr. Stephens whether this was done on SBA's own initiative or in response to a White House request. Mr. Stephens said that he did not have first hand knowledge, but based on conversation with the General Counsel, he believed the White House requested the materials. Mr. Stephens invited me to comment on the release of the materials to the White House which already had occurred. He further invited me to tell him if we had concerns about the action and wanted the SBA to try to retrieve the materials. I told Mr. Stephens that I would discuss the matter with him during the meeting scheduled for November 18.[2]

Mr. Stephens said that he is the custodian for various materials relating to Capital Management, and is assigned to the receivership. He said that he has been working closely with the FBI's Little Rock division, and the division already has some of the materials sent to the Committee.

Mr. Stephens said that an original referral, involving one Tom Anderson, is noteworthy. Swapping assets and financial transactions involving the Cayman Islands are involved. I asked

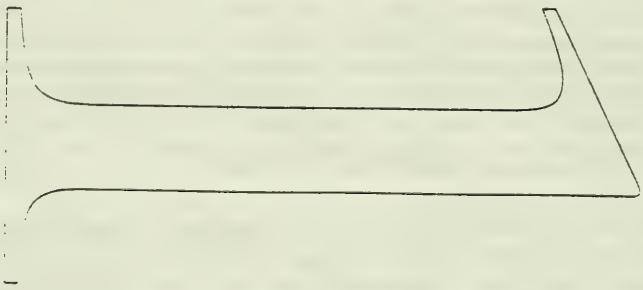
---

[1] He told me that the materials given to the Committee were numbered for control/identification purposes. (During our meeting November 19, which is recorded in a separate file memorandum, he added that initially the SBA gave the Committee materials which were not numbered, but retrieved those materials and replaced them with the numbered set. He did not know, however, whether the Committee had made and kept a copy, or copies, of the original set.)

[2] Immediately after talking with Mr. Stephens, I discussed the conversation with Fraud Section chief, Gerald E. McDowell, and the chief of the Financial Institution Fraud Unit of the FBI, Ron Dick, respectively. There was a consensus that we should ask the SBA to retrieve the materials and any copies. Mr. McDowell told Acting Assistant Attorney General John C. Keeney about our intention to ask SBA to request the return of the materials.

Bates Stamp number(s) ~~FBI-0000~~ 1951 through FBI-0000 1952, dated 11/19/93 consisting of 2 page(s), is being deleted in its entirety. It is a(n) HAND WRITTEN NOTES, To: _____, From: _____, Captioned: _____, and is being deleted for the following reason(s): 0-2.

Subject Matter: Submission of documents



U. S. Department of Justice

Criminal Division

Washington, D.C. 20530

NOV 20 1993

MEMORANDUM

TO: Files

FROM: G. Allen Carver, Jr.
Principal Deputy Chief
Fraud Section

SUBJECT: Telephone Conversations With Mark K. Stephens

On November 19, 1993, I spoke with Small Business Administration ("SBA") attorney Mark Stephens. He told me that he called and spoke with Neal Eggleston earlier in the day, about 1:55 p.m., and Mr. Eggleston said that he would discuss the matter with the Deputy Attorney General and would discuss the matter further with Mr. Stephens early in the next week.[1]

In a second conversation, beginning about 4:40 p.m., Mr. Stephens told me that Tom Powers from the Small Business Committee staff had requested access to SBA headquarter's files on Capital Management.[2] He said that the files include licensing files, operations files, examinations, examination workpapers, correspondence to and from David Hale. The files are kept in a single file drawer under Mr. Stephens' control. The Committee review is scheduled for Tuesday, November 23. Mr. Stephens will produce the files for the Committee staff to review.

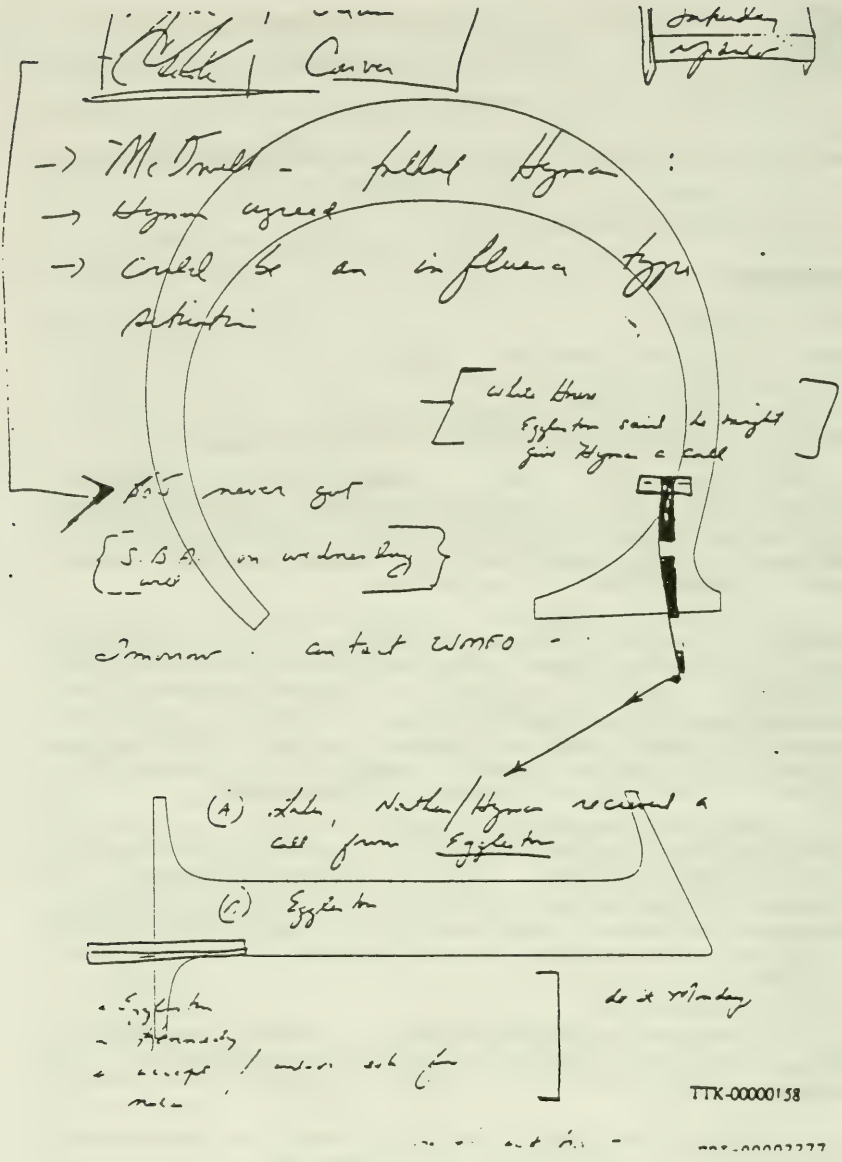
I asked Mr. Stephens what the SBA usually does when the Committee requests access to SBA files. He said the SBA supplies the materials for review. I asked him whether SBA knew of any reason not to follow its usual practice in this case. He said no. I asked him to ensure that the integrity of the files is maintained throughout the review by Committee staff in order to facilitate the review by the FBI and the Fraud Section scheduled for Wednesday, November 24.

---

[1] I reported this advice to Gerald E. McDowell, the Chief of the Fraud Section, immediately after the conversation. Mr. McDowell immediately notified Associate Deputy Attorney General David Margolis.

[2] John Arterberry was in my office during this conversation, but could hear only my part of the conversation.

000385


Carver
→ Mc Donald - fulfilled Hygeia :
→ Hygeia agreed
→ called to an influenza type
→ never got
(A)
(C) Egglestone
TTX-00000158

U. S. Department of Justice

Criminal Division

Washington, D.C. 20530

NOV 22 ...

MEMORANDUM

TO: Files

FROM: John D. Arterberry
Deputy Chief, Fraud Section

SUBJECT: Telephone Conversation With Mark K. Stephens

On November 22, 1993, at approximately 9:55 a.m., I spoke with SBA Associate General Counsel Mark K. Stephens. Mr. Stephens had called Fraud Section Principal Deputy Chief Allen Carver. Because Mr. Carver already was engaged in another telephone call, I took Mr. Stephens' call.

Mr. Stephens told me that he was in the Memphis airport in between connections to Dallas. He said he wanted to bring Mr. Carver up to date on developments regarding his request to Neal Eggleston of the White House Counsel's office that Mr. Eggleston return the documents that Mr. Stephens had provided him last week.

Mr. Stephens said that he was in his office yesterday morning and at about 9:00 a.m. received a telephone call from Mr. Eggleston. In the conversation that ensued, Mr. Eggleston said that he had tried to reach Mr. Stephens at his office on Saturday to arrange the return of the documents. Mr. Eggleston said that he had talked to people at the Department of Justice on Friday and wanted to get the documents back to the SBA as soon as possible. Mr. Eggleston also said that he did not want to do anything inappropriate and explained that he had sought the documents because he wanted to track what was going on between the SBA and the Hill and did not want to be surprised by leaks from the Hill.

Mr. Eggleston said that he would like to drop the documents off at Mr. Stephens' office on his way to church. Mr. Stephens repled that he would be available to accept the documents. Later that morning, Mr. Eggleston drove by the SBA offices and Mr. Stephens went outside to the street to receive the documents. He asked Mr. Eggleston whether he had made any copies. Mr. Eggleston responded that he had made one copy of the last examination report dated March 21, 1993, to read. He said that later he had shredded that copy.

U. S. Department of Justice

Criminal Division

Washington, D.C. 20530

NOV 21 1993

MEMORANDUM

TO: Files

FROM: G. Allen Carver, Jr.
Principal Deputy Chief
Fraud Section

SUBJECT: Telephone Conversation With Rick Wade November 19, 1993

Beginning about 1:20 p.m., November 19, 1993, I had a telephone conversation with Rick Wade, Chief of the Government Fraud Unit, FBI. We discussed whether additional action should be taken in response to the Small Business Administration's giving the White House a copy of the materials the SBA supplied to the House Small Business Committee November 15, 1993.[1] Mr. Wade expressed concern over the possibility that the White House-SBA action, however well intended, could look like White House intervention.

He raised two courses of action for discussion: (1) a letter from the Department of Justice to the White House; (2) an FBI interview of Neal Eggleston. I remarked in response that these courses of action would not avoid charges of intervention (or government coverup) by those wanting to make them. I mentioned that during the November 18 meeting, I told Mr. Stephens that we wanted the SBA to recover the materials, and any copies, from the White House for us; the request was witnessed by a Fraud Section deputy chief and two FBI agents, and is a matter of record; and Mr. Stephens was cooperative. Based on these factors I suggested that the record shows that we acted responsibly immediately upon learning of the matter November 17 from Mr. Stephens and pursued a completely reasonable, appropriate course of action.

I further mentioned that in my view the question was not whether to interview Mr. Eggleston, but when. I told Mr. Wade that an interview of Mr. Kennedy also should be done during the investigation to get the details of his conversations with Randy Coleman, David Hale's attorney. I explained that it is possible that Mr. Coleman made statements in those conversations of value

[1] For background information, see my file memorandums reporting on my conversation with SBA attorney Mark Stephens November 17, and the meeting with Mr. Stephens held in my office November 18.

S 020565

- Risk of AG getting out front in - naming a counsel b4 WH ldship

~~Under statute — AG has to go to ct~~ & ct appts —

- 5 statutes AG can appt -

Neil - ~~Trump~~ Iran express - brought Cong'l criticism in in a such area

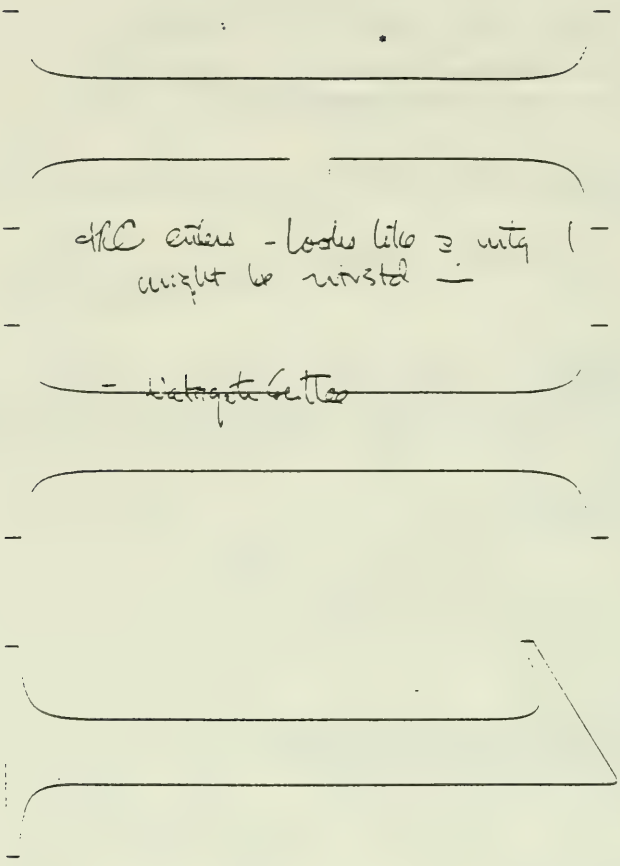
GS 10 stories - each 2-3 days -
40 days 4 stories
+ we'll be at 39%
like 1993 - 2 days - Mistry

DG ~~but counsel operates differently~~
Then Civil or criminal
They take on a life of their own

Joel - New info — no specifics
You can't move at a X

Call her over pm cmte

S 020566


the entire - looks like a unity
might be misted
- distinct letters

S 020567

Whitewater Mtó - 5/anuary

Defense No substantive diff in mid counsel vs. prosecutor

- If Appt outside - as counsel or prosecutor subject to no control & come in w desire to get someone.
- Even if a goodhearted Nussbaumm would worry how he goes back to NYC & dont indict anyone.

Will have a 3-4 yr investigation. Lives will be under a microscope

After 3yrs - goodhearted Nussbaum will have written 400 page report

Badhearted guy goes in & decides a swell of corruption & can show some things & those people close around principal.

Instance when it has worked:
Billy Carter - Paul Curran (a dirt 7 min) appt'd for 6-9mos. Wrote report, didn't expand & went home.
He's a rare guy

S 020588

Scott — Other special counsel have been partisan
Haagate. Banking scandal

BN — Nick Bowe was mistaking whether DOJ took computer services away from Haagate
Not as sexy or sensitive as POTUS
Haagate didn't touch conduct of POTUS. It was white counsel's office.

It depends on person

Joel — Ind. prosecutor pursuant to a statute
trigger method of out of DOJ.
Ct wld have picked Walsh
Can only be dismissed for cause
Donovan. H Jordan. Watson

Special Counsel - b4 the law passed:
Cox. Jaworski.
Appt'd by AG & the Ct.

Republicans (Bill Bowe) used spec counsel quite cleverly. They poked people
Bowe/Lacey — as Judge.

S 020569

Mack — let's get off whether we'll have spcl pros or counsel.
HRC + BC don't want it
- Discuss where we go from here

BN — Kendall will prepare a white paper on the Clinton story on Whitewater.
It may take two weeks

- Prepare this - along with Q+As on spcfc issues. At same appropriate X we release this - statement

MM — [illegible]

DG — It's difficult due to conversations vs. documents

HI — Discuss if counsel is the biggest [illegible] working the
Discuss: Production
~~Press Strategy~~
Spokesperson

S 020570

Joel — In a couple hrs – draft of G+As need to be approved by Kendall & HRC

DG — ~~Upfront pre Prosecution – & no facts~~

[redacted]

[redacted] + G+As + argumentative document

Got the argument on why not a spcl counsel?

- No ~~any~~ evidence of wrongful acts

can't appt Special every time there's a charge

There has to be a basis

- Republican appointee to review must get a GJ & citizens avail to look at ev. and an Indepdt AG

S 020571

Donald Mackay

1974-75 - Nixon / Ford -
US Atty So Dist / LL

then LL Dept of Tx

1991 - to DOJ
career

= No credible evidence

- Does over

- They've done enough

Matter of principle / bad politics

S 020572

VPOTUS 5/m

I'll do it - I'm sure it will help.

- need to dump all documents

Luncheon

no Q or whatever

PM

Lindsey notes that Kendall aware of subpoena

S 020573

Whitewater Hist – 9 3/4 Av

Documents

1) 2 pages
2) C + A - TA
3) Narrative - comprehensive
4) Chronology

S 020574

Whitewater 5 30/F 1/61

Beverly Bassette letter/-fo
BL → Waldman

get a lawyer to check law on issuance
of preferred stock -

Ind. panel of regulators -

P
INVEST
WLH

diff.
know

S 020575

Whitewater 8/7/94

I. Reno denial —
~~haven't decided~~

II.

III We cannot affect the scope of the prosecution
Politelly - fewer asks to lessen the exposure

IV Madison Guaranty not getting spcl treatment
- Most impt thing to prove next week
Cs: Impeachment on the campaign to beat Clinton

V PB. BL. Waldman → to ask to meet c Beverly Bassett
Try to poke holes in their story

- Try to get ind. validation from Securities atty
- Search of Ark regulators

S 220576

26 HRC Reaves – 2 hrs
& to Europe

Get in a group of attys to discuss
Spelling Hosc

~~Get dragged kicking in to it for Hilos~~

Heath says an SOL - can be used as
our friend for argt on spel Counsel

All agree (but BN) that Reno is boxed once
~~but C starts~~

~~Spelling~~ - 2 ~~hours~~ minutes HRC ~~standing~~ comes
(2) Reno has shut the door; (3) if we ask, it looks
like we have ducked.

Boxes going to some prosecutorial authority among

~~BN – don't want to will; Prefers cong't hearings to Pasch~~
or Carl

HH – Mtg of attys outside of WH

Bru. Bassett – if so [illegible] up
we [illegible] this up, we're done
Let's not talk it to death – lets just get it done

S 829577

HM – We can't send PB-AR. now
– it will come out

Item by item → make sure her story is OK

T. Isdale? – ii Lindsey Jones
Slip? → WH pass
PB friend MP lawyer?

Quinn – arm's length

S 920578

Watergate - 7 January White House

HR - Toby to reopen it - us - impeachment

POTUS can't - staff can't

Christopher to talk to POTUS Bob Bennett

Stein Spoke with Rangers

BN - Indictments will be Before Watergate

S 020579

Watergate 8 Jan

Watkins

BN angry against spec prosecutor

HR Ken Carver at DOJ – bad guy

when Kendall called – when he called on speakerphone were 2 FBI agents + Jim Nixon

These guys are [redacted] US blue

Conversation with POTUS – for release of statement

Story – hatchet job; not just insiders

- ~~Make clear~~

-on own accord
-an off chance it may be helpful

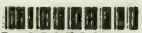
not because

~~anyone by anyone~~

~~any authority~~ in connection

⇒ Lost $

⇒ ~~Never rec'd any inquiries~~



Why now?
No indication of anyone – govt
If you want it – we'll let you see it

Very wipt - re

~~No one has ever suggested we did anything wrong~~

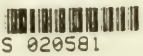
- Maybe helpful

⇒ Negative basic facts

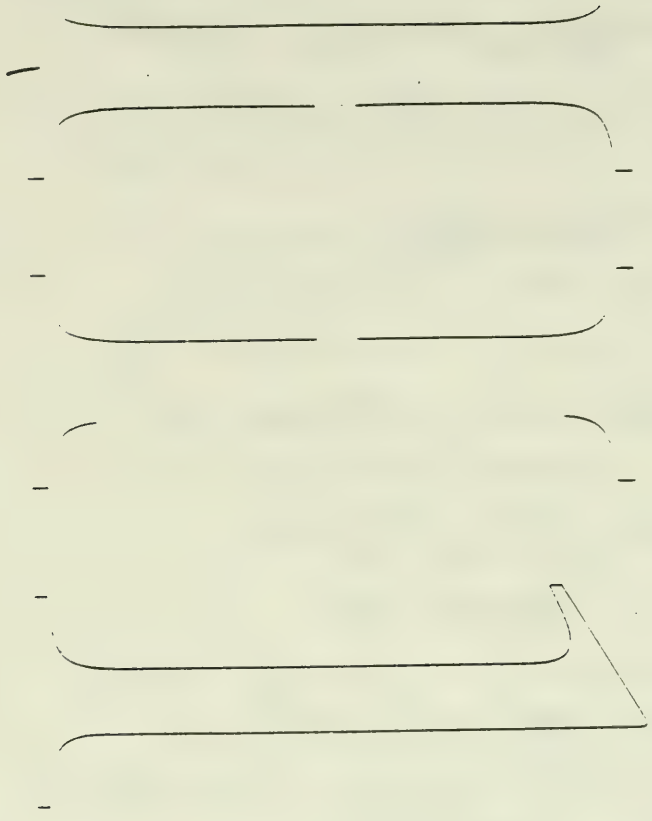
⇒ Dealing with intellectually dishonest people

⇒ Do not know/care of truth

⇒ Cong'l Investigation



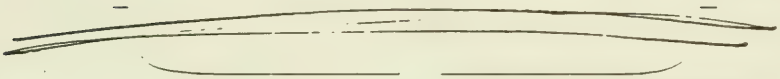
– If anything in it.



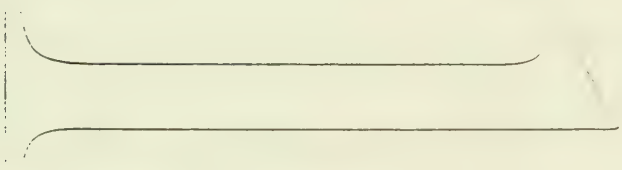
S 020582

- no privileges
- no subpoena today
  - no oaths
  - voluntarily active
- Kendall will ask for subp

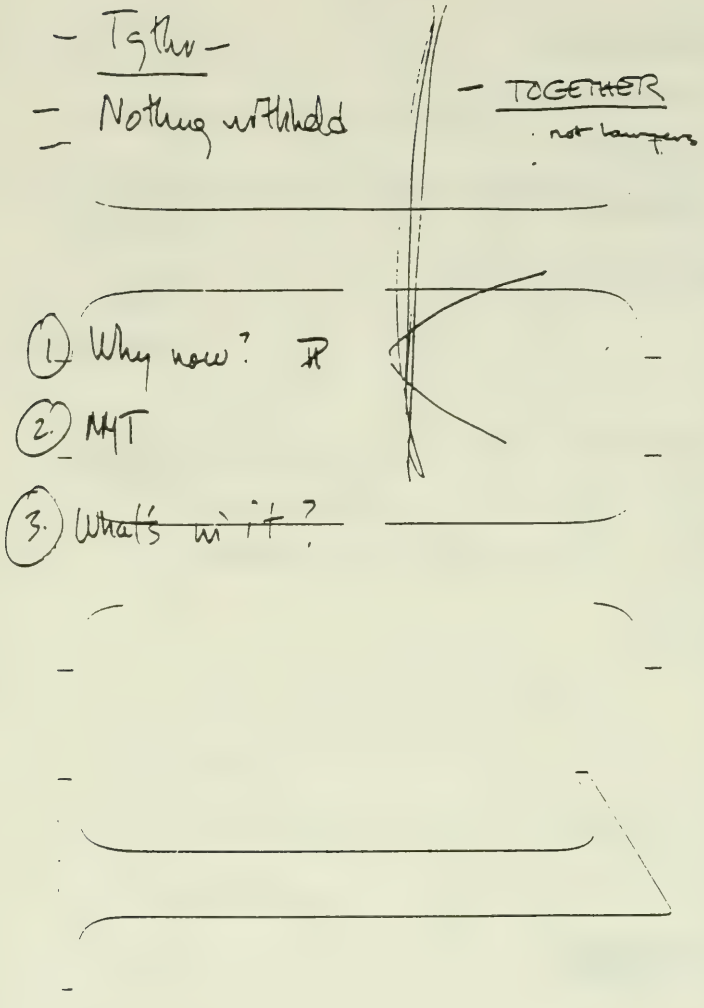
. not given the oath
. not people's wishes at h
. never asked
in view of public first
. nothing to hide



HPC will continue on 10 years



S 020583


- Tgthr -
- Nothing withheld
- TOGETHER
not lawyers
1. Why now? R
2. MT
3. What's in it?

S 020585

DK Draft

The Honorable Janet Reno
Attorney General
Department of Justice
10th Street and Constitution Avenue, N.W.
Washington, D. C. 20530

DRAFT II

DRAFT

Dear General Reno:

The President has fully cooperated with a federal grand jury in Little Rock which he understands to be investigating matters that may be potentially connected to Whitewater Development Company, an entity in which he and the First Lady once had an ownership interest. There have been no credible or even specific allegations of wrongdoing by the Clintons in connection with Whitewater. It was a losing investment, from which they received nothing of value, and all loans which they signed for were repaid (none of these were S&L loans). The investigation is being conducted by career Department of Justice prosecutors, after the United States Attorney for the Eastern District of Arkansas recused herself. There is no reason to believe that this investigation is not thorough, energetic, professional, and even-handed.

However, there has been some publicity in recent days suggesting, incorrectly, that there are grounds to replace the current investigation with some kind of independent counsel. While the President does not believe there is any reason to impugn the integrity and aggressiveness of the current investigation or that there are any reasonable grounds to justify a sweeping investigation by an independent counsel, he believes it is desirable to take whatever steps he can to assure complete

S 020801

DRAFT

confidence in the federal law enforcement system, when that system scrutinizes a company in which he once owned an interest.

Accordingly, the President has directed me to request you to appoint a respected and qualified attorney, who is not a member of the Department of Justice or an employee of the federal government, to conduct an appropriate independent investigation of the Whitewater matter. The independent counsel provision of the Ethics in Government Act of 1978 expired on December 15, 1992. In the absence of supervening legislation, it seems appropriate to request that the investigation be conducted, insofar as possible, in accordance with the procedures of the expired Act.

In view of the gravity of the many matters faced by the President and the need for a speedy resolution here, I respectfully request that the preliminary investigation be conducted within 90 days by the person you appoint.

Sincerely,

Bernard Nussbaum

S 020802

59 FR 5321 printed in FULL format.

FEDERAL REGISTER VOL. 59, No. 24

Rules and Regulations

DEPARTMENT OF JUSTICE (DOJ) Office of the Attorney General

28 CFR Parts 600 and 603

[A.G. Order No. 1844-94]

Independent Counsel: In re Madison Guaranty Savings & Loan Association

59 FR 5321

DATE: Friday, February 4, 1994

ACTION: Final rule.

To view the next page, type .np* TRANSMIT.
To view a specific page, transmit p* and the page number, e.g. p*1

SUMMARY: This rule sets forth the jurisdiction of the Independent Counsel: In re Madison Guaranty Savings & Loan Association, appointed by the Attorney General pursuant to her statutory authority under 28 U.S.C. 509, 510, and 543, and 5 U.S.C. 301. The Attorney General has appointed this Independent Counsel to investigate whether any individuals or entities have committed a violation of any federal criminal or civil law relating to President William Jefferson Clinton's or Mrs. Hillary Rodham Clinton's relationships with the Madison Guaranty Savings & Loan Association, the Whitewater Development Corporation, or Capital Management Services, Inc.

This rule also amends the regulations on the salary of an Independent Counsel and the provisions for appointing, fixing the compensation of, and assigning [*5322] duties to such employees as the Independent Counsel deems necessary. These changes reflect the elimination of the "GS-18" rate under the General Schedule, 5 U.S.C. 5332(a), more closely align the regulation with the laws governing the civil service, and provide more flexibility in setting the salary of the Independent Counsel, subject to a specified maximum level.

EFFECTIVE DATE: January 31, 1994.

FOR FURTHER INFORMATION CONTACT: Carl Stern, Director, Office of Public Affairs, U.S. Department of Justice, Washington, DC 20530, (202) 616-2777.

SUPPLEMENTARY INFORMATION: This order pertains to a matter of internal Department management. It does not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). It is not subject to Executive Order No. 12866.

List of Subjects in 28 CFR Parts 600 and 603

Authority delegations (Government agencies), Crime, Conflict of interests, Government employees.

Accordingly, by virtue of the authority vested in me as Attorney General, including 5 U.S.C. 301 and

28 U.S.C. 509, 510, and 543, chapter VI of title 28 of the Code of Federal Regulations is amended as follows:

PART 600-GENERAL POWERS OF INDEPENDENT COUNSEL

1. The authority citation for part 600 is revised to read as follows:

Authority: 5 U.S.C. 301; 28 U.S.C. 509, 510, 515, 543; Article II of the U.S. Constitution.

2. Section 600.1 is amended by revising paragraphs (b) and (c) to read as follows:

§ 600.1 -- Authorities and duties of an Independent Counsel.

* * * * *

(b) An Independent Counsel appointed under this chapter shall receive compensation at a rate not to exceed the annual or per diem rate equal to the annual rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5 of the U.S. Code. This paragraph shall not be construed to authorize the payment of any compensation in addition to that paid under subsection (b) of section 594 of title 28 of the U.S. Code.

(c) For the purposes of carrying out the duties of the Office of Independent Counsel, an Independent Counsel shall have the full power of the Attorney General to appoint (other than in the Senior Executive Service), fix the compensation and assign the duties of such employees as the Independent Counsel deems necessary. This paragraph shall not be construed to authorize the payment of any compensation in addition to that paid under subsection (c) of section 595 of title 28 of the U.S. Code.

* * * * *

3. A new part 603 consisting of § 603.1 is added to read as follows:

PART 603-JURISDICTION OF THE INDEPENDENT COUNSEL: IN RE MADISON GUARANTY SAVINGS & LOAN ASSOCIATION

Authority: 5 U.S.C. 301; 28 U.S.C. 509, 510, 543.

§ 603.1 Jurisdiction of the Independent Counsel

(a) The Independent Counsel: In re Madison Guaranty Savings & Loan Association shall have jurisdiction and authority to investigate to the maximum extent authorized by part 600 of this chapter whether any individuals or entities have committed a violation of any federal criminal or civil law relating in any way to President William Jefferson Clinton's or Mrs. Hillary Rodham Clinton's relationships with:

(1) Madison Guaranty Savings & Loan Association;

(2) Whitewater Development Corporation; or

(3) Capital Management Services.

(b) The Independent Counsel: In re Madison Guaranty Savings & Loan Association shall have jurisdiction and authority to investigate other allegations or evidence of violation of any federal criminal or civil law by any person or entity developed during the Independent Counsel's investigation referred to above, and connected with or arising out of that investigation.

(c) The Independent Counsel: In re Madison Guaranty Savings & Loan Association shall have jurisdiction and authority to investigate any violation of section 1826 of title 28 of the U.S. Code, or any obstruction of the due administration of justice, or any material false testimony or statement in violation

of federal law, in connection with any investigation of the matters described in paragraph (a) or (b) of this section.

(d) The Independent Counsel: In re Madison Guaranty Savings & Loan Association shall have jurisdiction and authority to seek indictments and to prosecute, or to bring civil actions against, any persons or entities involved in any of the matters referred to in paragraph (a), (b), or (c) of this section who are reasonably believed to have committed a violation of any federal criminal or civil law arising out of such matters, including persons or entities who have engaged in an unlawful conspiracy or who have aided or abetted any federal offense.

Dated: January 31, 1994.

Janet Reno,

Attorney General.

[FR Doc. 94-2534 Filed 2-3-94; 8:45 am]

BILLING CODE 4410-01-M

1ST STORY of Level 1 printed in FULL format.

Copyright 1992 The Times Mirror Company
Los Angeles Times

March 18, 1992, Wednesday, Home Edition

SECTION: Metro; Part B; Page 6; Column 1; Editorial Writers Desk

LENGTH: 584 words

HEADLINE: CONFLICTED AMERICANS: THE WORKING MOTHER;
OLD ISSUES -- AND A NEW ONE -- IN HILLARY CLINTON FLAP

BODY:
On top of all the obstacles to fair and equal participation of women in the labor force -- the "glass ceiling," the "mommy track" and the lack of adequate and affordable child care -- sadly we may have to add yet another: a husband's occupation.

Sunday night, as the Michigan and Illinois primary campaigns drew to a close, former California Gov. Edmund G. (Jerry) Brown accused Arkansas Gov. Bill Clinton of funneling state business to the Little Rock law firm of which his wife, Hillary, is a partner. The Clintons have vehemently denied the charge.

But it was Hillary's response Monday, we fear, that may draw the heaviest artillery fire: "I suppose I could have stayed home and baked cookies and had teas. But what I decided to do was pursue my profession, which I entered before my husband was in public life."

It is this tart response that we expect to elicit some new, unproductive rhetoric about an old topic: the allegedly deleterious effects of women working . . . effects on children, the family, on the structure of society. Maternity leave, family leave, flexible work schedules, child care centers -- these are the building blocks of a brave new world in which women are said to "abandon" husbands and children for careers.

Barbara Bush, we should recall, created a stir with her 1990 commencement address at Wellesley College. Responding to criticism that the college should have invited a speaker who better represented the aspirations of female graduates, Mrs. Bush said: "You will never regret . . . not closing one more deal. You will regret time not spent with a husband, a child, a friend or a parent."

Such statements -- and those which will inevitably follow Hillary's Clinton's defense -- only skate over the deep ambivalence felt by many Americans, and certainly by many American women, about their changing roles. Working outside the home is a fact of life for most U.S. mothers; more than 50% with children under 6 years old are now employed. Some women have the financial luxury of choosing whether to stay at home, but most have no such choice -- they are single parents or are married to men who do not earn enough alone.

But whether employed outside the home or not, many women feel deeply divided about their choice or, in many cases, their lack of a choice. Many working women long for what they perceive as the relative freedom enjoyed by stay-at-home moms: more time with children and for themselves. Many at-home mothers wish for the excitement and rewards -- psychic as well as financial -- of a stimulating

and productive job.

Sometimes the ambivalence of women at work and at home turns to envy. Sometimes, it turns to mutual resentment. It would be a shame if Hillary Clinton's remarks further stirred these troubled waters.

Clinton's defense will also draw fire because of her still unusual position, being an employed wife of a presidential candidate. Conflict of interest is a serious charge. If her firm directly profited from her husband's political office, that should rightly damage the Clinton candidacy.

But short of such evidence, Hillary Clinton -- a Yale Law School graduate, mother of a 12-year-old daughter and a woman of obvious intellect and drive -- deserves respect. She worked hard to get where she is. So far she is handling the pressure well. For men the old saying was, if you can't stand the heat, get out of the kitchen. But for some women these days, it's when you get out of the kitchen that you really feel the heat.

GRAPHIC: Photo, Attorney Clinton

LANGUAGE: ENGLISH

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

April 30, 1985

Mr. Charles Hanley
Arkansas Securities Department
One Capitol Mall
Little Rock, Arkansas 72201

Re: Authorization and Issuance of a class of Preferred Stock by Madison Guaranty, a Savings and Loan Chartered under the laws of the State of Arkansas

Dear Mr. Hanley:

Madison Guaranty, a Savings and Loan chartered under the laws of the State of Arkansas, contemplates a capitalization plan whereby it would authorize and issue a class of preferred stock which would have preference as to dividends and amounts paid in liquidation. The question has arisen as to whether an Arkansas chartered Savings and Loan Association may under Arkansas law create, authorize and issue a class of preferred stock. For the reasons stated below, we are of the opinion that a state chartered savings and loan may do so.

Arkansas statute 67§1864 (1971) provides in pertinent part:

" ... (T)he Arkansas Business Corporation Act, ... as amended, ... shall be applicable to permanent stock savings and loan associations created or operating under the provisions of Act 227 of 1963 ... and such savings and loan associations shall enjoy the same powers and privileges and be subject to the same duties, restrictions and liabilities as other corporations except so for as the same may be limited or enlarged by the provisions of Act 227 of 1963."

RLF1 03182

In short, an Arkansas chartered savings and loan possesses all powers afforded to stock corporations under the Arkansas Business Corporations Act unless the Arkansas Act 227 of 1963, as amended ("Act 227") prohibits the exercise of such powers. It is clear that an Arkansas corporation is empowered to create and issue a class of preferred shares of capital stock (see Ark. Stat. Ann. 64§201 (1966) and 64§202 (1966)). Therefore, an Arkansas chartered savings and loan possessing general corporate powers may authorize and issue a class of preferred stock unless Act 227 prohibits such a capitalization plan.

We find no provisions of Act 227 which expressly or impliedly prohibit the creation of a class of preferred stock by an Arkansas chartered savings and loan association. Rather, there are references throughout Act 227 implying that several classes, including a preferred class, of capital stock of an Arkansas savings and loan may exist. For an example, see Ark. Stat. Ann. 67§816 (1963) which requires that the bylaws of the state savings and loan association describe the "several kinds or classes of shares, stock or certificates which it may issue". Other references to the existence of multiple classes of shares of an Arkansas savings and loan association may be found in Arkansas Statutes 67§822 (1963) and 67§1825 (1933).

Because the Arkansas statutes expressly give to an Arkansas chartered savi[illegible] and loan all of the powers possessed by a corporation under the Arkansas Business Corporations Act, which powers include the power to create and issue a class of preferred capital stock, and because we find no express prohibition in Act 227 against the creation or issuance of such a class of preferred stock, we have concluded that Madison Guaranty's proposed capitalization plan is not inconsistent with Arkansas law. Should you require further information or assistance, please advise Hillary Rodham Clinton or Richard Massey of this firm.

Very truly yours,

Rose Law Firm

Rose Law Firm
A Professional Association

RNM:mm

cc: Hon. Beverly Bassett

RLF1 03183

5000287

May 14, 1985

Hillary Rodham Clinton
Rose Law Firm
120 East Fourth Street
Little Rock, AR 72201

RE: Authorization and Issuance of a Class of Preferred Stock by Madison Guaranty ("Madison"), a Savings and Loan Association chartered under the laws of the State of Arkansas

Dear Hillary:

I have received your letter of April 30, 1985, regarding the proposed authorization and issuance by Madison of a class of non-voting preferred stock.

I agree with your analysis and conclusion of the question whether an Arkansas chartered savings and loan association may under Arkansas law create, authorize and issue a class of preferred stock. Arkansas law expressly gives state chartered associations all the powers given regular business corporations under the Arkansas Business Corporation Act, including the power to authorize and issue preferred capital stock. Further, there is no express prohibition against such action contained in the Arkansas laws governing building and loan and savings and loan associations. Accordingly, as the Savings and Loan Supervisor, I concur in your opinion that Madison's proposed capitalization plan is not inconsistent with Arkansas law.

Very truly yours,

BEVERLY BASSETT
Savings & Loan Supervisor

BB/ps

M E M O R A N D U M

TO: Jeff Girth, New York Times

FROM: Beverly Bassett Schaffer

RE: Madison Guaranty Savings and Loan

DATE: February 28, 1992

This is a follow-up to our telephone conversation Wednesday. We talked about three or four issues not clearly addressed in my first memorandum.

First, it is true that in our letter to the Rose Law Firm, we addressed a very narrow legal issue regarding the savings and loan laws and the Arkansas Business Corporation Code. Our letter did not address federal law or applicable federal regulations. The savings and loan was required to seek approval from the FSLIC, not our office, as to the form of the security prior to its issuance. We had no reason to think the FSLIC would approve preferred stock that could not be included in the association's net worth. There would be no point in pursuing such an offering.

Nevertheless, I am certain that Charles Handley discussed with Rick Massey his concerns about federal regulatory treatment of the preferred stock. It is my understanding from Charles that Mr. Massey subsequently provided Charles with a FHLBB bulletin or regulation regarding the issuance of preferred stock and assured

Charles that the preferred stock would be structured in accordance with existing federal regulations so that it would in fact be deemed permanent capital stock for net worth purposes. (I believe there are copies of those regulations or bulletins in the file.)

Second, I am certain that our Department had no definitive proof of insolvency of Madison Guaranty until calendar year 1987. The FHLBB documents to which you referred Wednesday in no way constituted a full and final examination report admissible in state court as evidentiary proof of insolvency. During this time, Madison Guaranty had been told to obtain new appraisals of its real estate properties in order to determine the value of the real estate investments of the savings and loan. Those appraisals were not formally ordered until McDougal was fired in July, 1986. Indeed, the difficulty in obtaining definitive real estate appraisals delayed the completion of the audit for 1986 performed by the new auditors hired after McDougal was gone. We did not receive it until the summer of 1987.

State law required that proof of insolvency be submitted in connection with a petition for a receivership or shortly thereafter. The audit for the association reflected no such insolvency and the examination reports of the FHLBB were inconclusive.

Further, the 1985 preliminary examination report which was the subject of our meeting in Dallas in July, 1986, did not contain a definitive finding of insolvency either. The comments in that report all refer to the net worth deficiency of the savings and loan, rather than insolvency.

Even if we had had proof of insolvency in 1985, I cannot say our actions would have been different. State law requires that when the savings and loan supervisor determines that a savings and loan is insolvent, the state must notify the savings and loan of such insolvency. The savings and loan then must present a plan to the supervisor as to how the solvency will be restored within a reasonable time. A plan to issue $3,000,000 of preferred stock within 90 to 120 days might well have been sufficient to satisfy delaying any receivership until at least the expiration of the offering period.

Third, we intended that our approval of the brokerage subsidiary be conditioned on the association first raising the capital before it began operations. You maintain our letter could be read to say that the savings and loan subsidiary could begin operating as long as the capital was in place by December 31, 1985. Perhaps the wording of the letter is ambiguous, but we firmly

believed that our agreement was as I have stated.

In the file, there is a handwritten memo to me from Charles in December, 1985, concerning a telephone conversation he had had that day with John Latham. In that conversation, he asked Mr. Latham if the savings and loan had completed its application with our securities broker-dealer registration division. He said "no" and that there were additional items he had to file before the application could be passed on. Charles then reminded Mr. Latham of our agreement that the broker-dealer could not begin operating until the capital was in place. From Charles' notes, it appears that Mr. Latham said that that was not his understanding of our agreement but that the savings and loan would abide by those terms anyway. I do not believe the savings and loan ever completed the broker-dealer application.

Finally, it may be important for you to know that state law grants the savings and loan supervisor no emergency acquisition authority similar to that of the FHLBB and FSLIC. The appointment of a receiver or conservator under state law requires advance notice to the savings and loan and the filing of a petition in state chancery court, which is a public proceeding. Both we and the FHLBB agreed that the lack of ability under state law to seize the institution without notice, remove management and immediately

take control of the institution from hostile, uncooperative management rendered our receivership provisions essentially useless under the circumstances in which we found ourselves in 1985. The FSLIC did not want management tipped off as to the timing of a seizure and the mere filing of a public petition at that time might well have created panic among depositors and a run on the institution between the time the petition was filed and the actual appointment of a receiver. Certainly, it was critical to maintaining public confidence in the insurance fund that FSLIC be prepared to accept the receivership. We all agreed that any receivership should be handled under federal law and, of course, that meant that the FHLBB and FSLIC controlled the timing.

M E M O R A N D U M

TO: Jeff Girth, New York Times

FROM: Beverly Bassett Schaffer

RE: Madison Guaranty Savings and Loan

DATE: February 25, 1992

On February 14, 1992, I spoke with you by telephone concerning the above referenced Arkansas savings and loan that was closed during my tenure as Arkansas Securities Commissioner and Savings and Loan Supervisor. We discussed a number of items during our telephone conversation, many of which I was unable to fully address at that time due to my lack of specific recollection of matters that occurred as much as seven years ago.

Since then I have reviewed my personal and work calendars from 1985 and 1986, reviewed certain documents pertaining to Madison Guaranty and spoken with Charles Handley at the Securities Department, who participated in each and every decision concerning savings and loan matters during my tenure. I believe it is important that I give you the benefit of my personal knowledge concerning these matters.

In 1984, I was a practicing attorney with expertise in securities law. I was a member of the Mitchell Law Firm in Little Rock which I had joined in 1978 as a law clerk and later became an associate and partner. In 1977, while I was a law student, I

CCBW-776.

worked full time for a year for Bill Clinton when he was serving as Attorney General. I had first met Bill Clinton in 1974 when I worked as a volunteer in his first campaign for elective office as a congressman (he lost). My brother, Woody Bassett, who is also a practicing attorney in Fayetteville, is a long time close friend and supporter of Bill Clinton's and has been active in Democratic party matters for years.

Sometime in mid-1984, I learned that Lee Thalheimer, a friend of mine and law school classmate of my brother's, planned to leave his post as Securities Commissioner. I discussed with my brother my interest in seeking the job because I wanted to build my expertise as a securities lawyer and, for a variety of reasons, I was not happy at the law firm. I know that my brother discussed this with Bill Clinton and his then Chief of Staff, Betsey Wright, several times in 1984 and I did as well.

In early January, 1985, I met with Governor Clinton at the Governor's Mansion to discuss in general the kinds of issues facing the securities industry at the time. It was a lengthy meeting and I do not recall any mention at all of savings and loans. A few days later, the Governor called me at home to tell me he planned to appoint me as Securities Commissioner. He asked that I not say anything about it until he had had a chance to call the other

persons who had asked for the job to personally tell them of his decision. Later that same week, on Friday, January 18, 1985, Joan Roberts, who was the Governor's press secretary, called me at my law office to tell me that the Governor planned to announce my appointment that day and asked me to get a resume and picture to the Governor's office right away. Members of my law firm often asked me about the appointment and I declined to share with them my conversations with Bill Clinton. On the day it was announced, however, I told the members of my law firm, including John Selig, of the Governor's decision. I believe this is how John Selig learned of my appointment. I do not believe he learned about it from Jim McDougal and I am certain I knew of the appointment long before John Selig.

I do not believe Jim McDougal, a man I have never met, had anything to do with my appointment. If he ever claimed he did, I believe he was blowing the usual hot air that pollutes the environment in the state capitol. I would have paid no attention to John Selig or any other member of my law firm who claimed to know anything about my appointment. I did not seek and in fact discouraged involvement by the law firm in my appointment. There are many reasons why I felt that way but suffice it to say that I sought the appointment for myself, not for the law firm. I did not return to the firm when I left the Securities Department in 1991.

CCBW-778.

During 1984, when apparently Jim McDougal was claiming he influenced my appointment (or at least someone is now saying he did), he was deeply involved in a business transaction with Sheffield Nelson. It involved Madison Guaranty Savings and Loan. I believe Charles Handley is aware of the transaction and there may be a public file at the Securities Department. I mention this only so that you know why I believe that Sheffield Nelson was and is in a position to advance, with some degree of specificity and believability, a distorted and ~~malicious~~ version of the events and circumstances surrounding my appointment.

I do not wish to enhance my credibility by dumping on someone else. But I must tell you that the ~~relationship between~~ Sheffield Nelson, Jim McDougal and Madison Guaranty in 1984 - not mine - is the one that warrants scrutiny. My predecessor, who was a Republican appointee, was serving as Securities Commissioner at the time. He approved a risky, speculative real estate development project at a time when the savings and loan was in dire need of capital to support such a project. The savings and loan was not required to first increase its capital base and take steps to meet its ~~minimum net worth requirements before receiving~~ approval to proceed with the development project. Without the necessary capital base, the savings and loan would be unable to absorb potential losses from its direct investment in the venture.

CCBW-779.

believe that the venture may have been approved, at least in part, based upon the personal financial strength of the outside investors, rather than the institution. I believe that the venture later proved to be a significant financial drain on the institution.

Throughout 1984, both state and federal savings and loan regulators were pressuring savings and loans to raise capital. Many, including Madison Guaranty, were not meeting their minimum regulatory net worth requirements. Indeed, Madison Guaranty was operating under a Supervisory Agreement with the FHLBB which required them to take steps to bring the association into compliance with those requirements. When our Department was approached by the Rose Law Firm in 1985 about a plan for Madison to issue preferred stock, I believe that Charles and I both felt that the savings and loan was making an effort to address their obvious lack of adequate capital, but we had some concerns about whether the savings and loan laws authorized the issuance of preferred stock. Charles Handley is not an attorney and although I relied heavily on his advice on savings and loan matters, I believed this matter was a very narrow legal issue that had to be treated as such. I am confident after looking at the statutes again this week, that our interpretation of the law was absolutely correct. Assistant Commissioner Nancy Jones agreed with the Rose Law Firm's

position and I believe there are hand written notes of hers (N.J.) in the file to this effect. Although we officially agreed that state law authorized the issuance of preferred stock, we cautioned the savings and loan that it should seek the assurance of the Federal Home Loan Bank Board (FHLBB) of Dallas that the preferred stock, if issued, would be considered "permanent capital stock" for regulatory net worth purposes. Under RAP accounting, the FHLBB had certain rules that differed from GAAP. There are notes in the file from Nany Jones (who is a C.P.A.) to me indicating she believed the preferred stock Madison Guaranty intended to issue would be "permanent capital stock" for FHLBB purposes.

With regard to the brokerage services subsidiary, I specifically recall that Charles and I agreed that we would not consider approving the activity unless the savings and loan first raised the capital to bring the savings and loan into compliance with its net worth requirements. Charles wanted to use their request for approval to engage in brokerage services as leverage to insure that they would proceed forthwith to raise the badly needed capital. Although we were not persuaded that a private market for savings and loan securities of this sort existed at the time, we could not be certain. If Madison Guaranty was able to raise the capital, many of our concerns about the safety and soundness of the institution would be alleviated. As such, we decided to condition

our approval of an application for a service corporation to engage in brokerage activities on the savings and loan first raising the capital to bring them into regulatory compliance. [A "wild card" provision was added to the state savings and loan laws by the legislature in 1969. It is this provision that clearly allowed state chartered savings and loans to engage in any business practice or activity authorized for a federally chartered savings and loan. In the mid-1980's, federal savings and loans were allowed to engage in securities brokerage activities. Assistant Commissioner Nancy Jones believed that the savings and loan could engage in this activity without our prior approval. Charles Handley and I took the position, however, that it was not a pre-approved activity and that the savings and loan could not do it without our prior approval. Thus, we gained the necessary leverage to insist on an immediate infusion of additional capital.]

Madison Guaranty apparently abandoned the effort to issue the preferred stock shortly thereafter, although I do not specifically recall being told the reasons. Before the savings and loan could have offered or sold the preferred stock it was required by the state securities laws to file a disclosure document with the securities registration division of our office. The transaction would have been subject to our review and approval as to the adequacy of disclosure to potential investors of the preferred

stock. No filing was ever made. Since we had given the savings and loan only until December 31, 1985 (a matter of months) to raise the capital and they were not able to do so, the savings and loan never engaged in brokerage activities.

I fail to see how our handling of these matters placed depositors at risk or furthered the demise of Madison Guaranty in any way. Obviously, if the savings and loan had been able to raise the capital, both state and federal regulators would have been relieved of a major source of concern. If not, the savings and loan would not engage in brokerage services for even a day. In fact, it did not.

I do not believe that the involvement of the Rose Law Firm in these matters influenced the Department's decisions in any way. My staff was involved deeply in the decision making process and each decision had a statutory basis. Our Department acted neither favorably toward the savings and loan, nor arbitrarily or capriciously. We acted reasonably.

In the spring of 1986, we had numerous conversations w th the FHLBB of Dallas about Madison Guaranty. We were all quite concerned about matters that had surfaced during the most recent examination of the institution. Its net worth was further eroding.

CCBW-783.

Far worse, however, were the findings of self-dealing and insider abuse. The Board of Directors of the institution appeared to be completely dominated by Jim McDougal. The service corporations (none of which were approved during my tenure) were draining the institution. It was during this time that the FHLBB sought our advice and approval as to the proper regulatory course of action. We all agreed that it was critical to remove Jim McDougal from the institution. It was decided to seek the voluntary ousting of McDougal first by means of a Consent Cease and Desist Order. Absent consent, the FHLBB would seek a formal removal order, with the State's full agreement and consent.

On July 11, 1986, Charles Handley and I flew to Dallas to meet with the FHLBB and the Board of Directors of Madison Guaranty (the meeting was originally scheduled for July 24, 1986). Walter Faulk was the Principal Supervisory Agent in charge of the meeting and Karen Bruton attended the meeting on behalf of the Enforcement Division of FSLIC in Washington, D.C. The Madison Guaranty Board had been summoned to Dallas to discuss the findings of the examination. Jim McDougal did not attend. John Selig and Breck Speed attended the meeting on behalf of the Madison Board. [In June, 1986, John Selig had asked our Department for forbearance on certain concerns we had raised with the association about its direct investments in its service corporations. The savings and

loan had earlier promised to address the matter by April, 1986. We did not respond to the June, 1986 request because we knew then that by July, 1986, McDougal would be gone and the issue would be moot.]

At the meeting, we jointly confronted the Board with the findings of self-dealing and insider abuse (there are handwritten notes of mine in the file from the July 11, 1986 meeting). The Board was presented with a Cease and Desist Order that, among other things, called for the Board to fire Jim McDougal and other family members. (A copy of the Order is in the files of the Arkansas Securities Department.) It was a long and confrontational meeting. The Madison Guaranty Board members and their lawyers appeared stunned. One of them, Steve Cuffman, an attorney, acted very responsibly and soberly. He indicated the Board would likely consent to the entry of the Cease and Desist Order. John Selig indicated that the Board would cooperate but would like a few days to review the order and work on minor revisions. I believe the order was entered the last week in July, 1986. At the same time, the savings and loan was placed under another Supervisory Agreement that required approval from Dallas of every subsequent decision of any significance.

For a few months, Steve Cuffman essentially ran the institution. Later, Tommy Trantham was hired by a new Board of

Madison Guaranty and approved by the Dallas Bank to babysit the institution until FSLIC found some money to pay off depositors. In 1987, we received an annual audit for calendar year 1986 reflecting that Madison Guaranty was insolvent. Shortly thereafter, we asked that the institution be transferred to the FSLIC on the grounds of its insolvency. There can't be anyone left in America who doesn't know by now that FSLIC was dead broke in 1986. Madison Guaranty was the least of their problems. Further, since Jim McDougal had been removed from the institution, there was little harm done in letting it sit, as did hundreds of others, while new management searched for ways to salvage its worthless assets.

I believe that my office did everything possible during my tenure to deal with the savings and loan disaster in general and with Madison Guaranty in particular. State law requires that an institution that is insolvent or operating in an unsafe or unsound manner be placed in receivership and that the FSLIC be appointed the receiver. If FSLIC refused (which we were told it would on several occasions), we could have asked the court to appoint another receiver. However, there would be no depositor payoff and we were obviously worried about triggering panic around the state among depositors of both state and federal savings and loans. State law does not provide for the removal of officers and directors of savings institutions. Federal law does, however, and

we depended heavily on the cooperation of the FHLBB of Dallas to exercise this authority. I believe we worked well with the FHLBB in the case of Madison Guaranty and moved quickly to remove the source of the problem.

In the case of other state chartered savings and loans, we fought bitterly over the timing and manner of their disposition. We repeatedly asked the FHLBB to transfer insolvent institutions to the FSLIC. Indeed, the files at the Securities Department reflect a letter in 1987 from me to the Director of FSLIC in Washington, D.C. pleading with the FSLIC to place three institutions, including Madison Guaranty, in receivership. However, I believe that ultimately federal regulators had the absolute final say-so on these matters since all of the institutions were federally insured. Federal law granted the federal regulators absolute authority to seize a state chartered association without prior approval of the state regulator. In 1985, at our urging, the FHLBB seized state-chartered Guaranty Savings and Loan in Harrison, Arkansas. The institution sued the State, the FHLBB and FSLIC claiming that FSLIC could not take over the institution unless the state regulator first went to state court to appoint a receiver. The Eighth Circuit Court of Appeals upheld our actions, and found that federal law pre-empted state law on these matters in the case of any conflict. The ruling in this case influenced our later decisions

not to proceed with a ~~receivership~~ without the concurrence of the FHLBB and FSLIC.

I think all of us who had responsibility for savings and loans during the 1980's felt overwhelmed at times and lacking in the necessary power, authority or resources to act as effectively or decisively as we might have under ordinary circumstances. While I never find it hard to defend the decisions we made at the time or the actions we took, I often find them hard to explain.

I hope my thoughts have been helpful in clarifying our earlier conversation. Please let me know if I can be of further assistance.

BBS:sa

CCBW-788.

STATEMENT OF BEVERLY BASSETT SCHAFFER

FORMER ARKANSAS STATE SECURITIES COMMISSIONER

In 1984, I was a practicing attorney with expertise in securities law. I knew Bill Clinton for over a decade at the time I applied to be securities Commissioner. My brother Woody Bassett is a long time close friend and supporter of Bill Clinton's and has been active in Democratic party matters for years.

Sometime in mid-1984 I learned that Lee Thalheimer, a friend of mine and a law school classmate of my brother's, planned to leave his post as Securities Commissioner. I discussed with my brother my interest in the job. I know that my brother discussed this with Bill Clinton and with his then chief of staff, Betsy Wright.

In early January, 1985, I met with Governor Clinton at the Governor's Mansion to discuss in general the kinds of issues facing the securities industry at the time, the primary focus of the department. It was a lengthy meeting and I do not recall any mention at all of savings and loans. After this meeting on 1/16/85, Bill Clinton announced my appointment as Commissioner.

I did not seek and in fact discouraged involvement by the law firm in my appointment. I do not believe Jim McDougal, a man I have never met, had anything to do with my appointment.

Although we agreed that state law authorized the issuance of preferred stock, we cautioned the savings and loan that it should seek the assurance of the Federal Home Loan Bank Board (FHLBB) of Dallas that the preferred stock, if issued, would be considered "permanent capital stock" for regulatory worth purposes.

With regard to the brokerage services subsidiary, my staff and I decided to condition our approval of an application for a service corporation to engage in brokerage activities on the savings and loan first raising the capital to bring them into regulatory compliance. Madison Guaranty apparently abandoned the effort to issue the preferred stock shortly thereafter. No filing was ever made.

I do not believe that the involvement of the Rose Law Firm in these matters influenced the Department's decisions in any way. My staff was involved deeply in the decision making process and each decision had a statutory basis. Our Department acted neither favorably toward the savings and loan, nor arbitrarily or capriciously. We acted reasonably.

In 1987, we received an annual audit for calendar year 1986 reflecting that Madison Guaranty was insolvent. Shortly thereafter, we asked that the institution be transferred to the FSLIC on the grounds of its insolvency. There can't be anyone left in America who doesn't known by now that FSLIC was dead broke in 1986.

I believe that my office did everything possible during my tenure to deal with the savings and loan disaster in general and with Madison Guaranty in particular. State law requires that an institution that is insolvent or operating in an unsafe or unsound manner be placed in receivership and that the FSLIC be appointed the receiver. However, there would be no depositor payoff and we were obviously worried about triggering panic around the state among depositors of both state and federal savings and loans.

State law does not provide for the removal of officers and directors of savings institutions. Federal law does, however, and we depend heavily on the cooperation of the FHLBB of Dallas to exercise this authority. I believe we worked well with the FHLBB in the case of Madison Guaranty and moved quickly to remove the source of the problem.

We repeatedly asked the FHLBB to transfer insolvent institutions to the FSLIC. Indeed, the files at the Securities Department reflect a letter in 1987 from me to the Director of FSLIC in Washington, D.C. pleading with the FSLIC to place three institutions, including Madison Guaranty, in receivership. However, I believe that ultimately federal regulators had the absolute final say-so on these matters since all of the institutions were federally insured.

RTC
Resolution Trust Corporation

730 - Kansas City Office

CRIMINAL REFERRAL FORM

CRIMINAL REFERRAL # 730CR0196

1. NAME AND LOCATION OF FINANCIAL INSTITUTION

Name/#: MADISON GUARANTY SAVINGS & LOAN
Location: 16TH AND MAIN, P.O. BOX 1583
(Street/City/State/Zip) LITTLE ROCK, ARKANSAS 72206

CERTIFICATE NUMBER:

If activity occurred at branch office(s), please identify:

2. ASSET SIZE OF FINANCIAL INSTITUTION: $118,855,000

3. APPROXIMATE DATE AND DOLLAR AMOUNT (PRIOR TO ANY ALLOWANCE FOR RESTITUTION OR RECOVERY) OF SUSPECTED VIOLATION:

Date: April 4, 1985
Amount: $50,000

4. SUMMARY CHARACTERIZATION OF THE SUSPECTED VIOLATION. Check appropriate box(es)

	Defalcation/Embezzlement		Bribery/Gratuity		Check Fraud	x	Bank Fraud
X	False Statement	X	Misuse of Position or Self Dealing		Credit Card Fraud	x	Conspiracy
	Check Kiting		Mysterious Disappearance		Money Laundering	x	Misappropriation of Funds

Applicable Section(s) of the U.S. Code:

X	18 USC 2	Aiding & Abetting		18 USC 1030	Computer Fraud
	18 USC 152	Concealment of Assets		18 USC 1341	Mail Fraud
	18 USC 215	Bribery/Gratuity		18 USC 1343	Wire Fraud
X	18 USC 371	Conspiracy	X	18 USC 1344	Bank Fraud
X	18 USC 656	Defalcation/Embezzlement/Misuse of Position		18 USC 1621	Perjury
	18 USC 1001	False Statement to Federal Agency		18 USC 1951	Racketeering
	18 USC 1006	False Entry		18 USC 1956/1957	Money Laundering
X	18 USC 1007	False Statement/Document		18 USC 2113	Entering Financial Inst. w/Intent to Commit Felony
X	18 USC 1014	False Statement to Financial Institution		18 USC 2314	Transportation of Stolen Goods, Securities, Money
	18 USC 1029	Credit Card Fraud			

5. THIS MATTER IS BEING REFERRED TO:

FBI, Little Rock, Arkansas
U.S. Attorney, Eastern District, Little Rock, Arkansas

HOUSE
001034

PLS0068S

Madison Guaranty Savings & Loan
Criminal Referral #73OCR0195
August 18, 1993 Page 2

C. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs [a] through [e] on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) McDougal, James B.

ADDRESS: (Street/City/State/Zip) Current Address Unknown

DATE OF BIRTH: (Month/Day/Year) 8/25/40

SOCIAL SECURITY NO: 431-74-5041

b. Relationship to the financial institution: (Check all applicable blocks)

X	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Account Holder	X	Owner/COB

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __X__. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

McDougal resigned from the Board of Directors in December 1985; however he remained active in the Association's day to day business via his involvement in it's wholly owned subsidiary, Madison Financial Corporation. He was removed from any further affiliation with the Association by the Federal Home Loan Bank in July 1986.

d. Prior or related referrals:
__X__ Yes _____ No

If Yes, please identify.

McDougal was indicted, tried and acquitted in 1989 on bank fraud charges stemming from the Castle Grande loan transaction funded by Madison Guaranty Savings & Loan. In addition, RTC Investigations has submitted the following criminal referrals naming McDougal as a suspect:

1) #C0004, submitted 9/1/92, alleging McDougal's involvement in an elaborate check kiting scheme perpetrated through various accounts at MGS&L.
2) #73OCR0190 alleging McDougal's involvement in a scheme to divert loan proceeds for the benefit of Jim Guy Tucker.
3) #73OCR0192 alleging McDougal's participation with J.W. Fulbright in an alleged scheme to embezzle and/or kite funds through MGS&L accounts.
4) #73OCR0195 alleging McDougal's abuse of position and conspiracy to defraud MGS&L of over $8 million in funds channeled into and through it's subsidiary, Madison Financial Corporation

e. Is person affiliated with any other financial institution:
__X__ Yes _____ No

or business enterprise:
__X__ Yes _____ No

01035

If yes to either or both, please identify.

McDougal was the principal shareholder and Board Member of Madison Bank & Trust, formerly the Bank of Kingston.

HOUSE

McDougal is a principal in the following business enterprises:

PLS0069S

Madison Guaranty Savings & Loan
Criminal Referral #7J0CR0196
August 18, 1993 Page 3

Madison Marketing	Designers Construction
McDougal & Associates	Madison Financial Corporation
Flowerwood Farms, Inc.	White Water Development Corp., Inc.
Pembrook Manor, Inc.	Rolling Manor, Inc.
Great Southern Land Co.	Tucker-Smith-McDougal
Smith-Tucker-McDougal	Smith-McDougal
Kings River Land Company	Lion Oil Company

001036
PLS0070S

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs [a] through [e] on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) Peacock, Charles III

ADDRESS: (Street/City/State/Zip) Rt. 2, Box 219
Bald Knob, Arkansas 72010

DATE OF BIRTH: (Month/Day/Year) Unknown

SOCIAL SECURITY NO: 431-68-9294

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker	X	Shareholder		Appraiser
X	Director		Agent	X	Borrower	X	Account Holder		Other, specify

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned __. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

d. Prior or related referrals:
____ Yes _____ No

If Yes, please identify.

e. Is person affiliated with any other financial institution:
____ Yes _____ No Unknown at this time

or business enterprise:
__X__ Yes _____ No

If yes to either or both, please identify.

Charles Peacock III is a principal in the following business enterprises:

Peacock Financial Corporation Peacock Farms
Peacock Brothers Company K&D Landscaping
Dixie Continental Leasing

6. PERSON(S) SUSPECTED OF CRIMINAL VIOLATION: Complete subparagraphs (a) through (e) on each individual suspected of criminal activity. (If more than one, use continuation sheet). Include primary suspects only. Individuals who may have knowledge of the suspect criminal activity, but who are not themselves suspected of being involved, should be listed as witnesses under Item 10. Provide any additional details known with respect to prior referrals or affiliations.

a. NAME: (First/MI/Last) Bill Clinton Political Committee Fund Account # 81-313

ADDRESS: (Street/City/State/Zip) Bank of Cherry Valley Cherry Valley, Arkansas

DATE OF BIRTH: (Month/Day/Year) Not Applicable

SOCIAL SECURITY NO: Not Applicable

b. Relationship to the financial institution: (Check all applicable blocks)

	Officer		Employee		Broker		Shareholder		Appraiser
	Director		Agent		Borrower		Account Holder	X	Recipient of alleged misappropriated funds

c. Is person still affiliated with the financial institution:
_____ Yes __X__ No

If No, terminated ____, resigned ____. Date (Month/Day/Year):

Describe circumstances: (If necessary, use continuation sheet)

d. Prior or related referrals:
__X__ Yes ____ No

If Yes, please identify.

On September 1, 1992, RTC Investigations submitted criminal referral #C0004 in conjunction with Madison Guaranty Savings & Loan, and an elaborate check kiting scheme involving accounts tied to entities related to McDougal and his business associates.

e. Is person affiliated with any other financial institution:
__x__ Yes _____ No

Bill and Hillary Rodham Clinton were borrowers at Jim McDougal's Madison Bank and Trust of Kingston, Arkansas; the loan was in the name of Hillary Clinton, although Ms. Clinton has previously stated that the funds were used for the benefit of White Water Development, a business partnership between the McDougals and the Clintons. The Clinton's were further affiliated with the Bank of Cherry Valley through real estate loans obtained by their business interest, White Water Development, Inc.

or business enterprise:
__X__ Yes _____ No

If yes to either or both, please identify.

White Water Development, Inc.

7a. EXPLANATION/DESCRIPTION OF SUSPECTED VIOLATION. Provide a brief narrative description of the activity giving rise to the referral, explaining what is unusual or irregular about the transaction. Details will be provided later in the form. The purpose of this paragraph is to provide a summary description of the overall transaction. (List applicable account numbers.)

On April 5, 1985, Madison Guaranty Savings & Loan ("MGS&L"), an Arkansas state chartered institution, made two loans totalling $347,000 to Charles Peacock III, at that time a shareholder in, and former director of, MGS&L. The resulting loss sustained by the association exceeded $<340,000>. Loan #2406 for $297,000 to Peacock's company, Dixie Continental Leasing, was allegedly for the purchase of 29.77 acres of land southeast of Little Rock (a portion of the subdivision known as Maple Creek Farms), and loan #2354 for $50,000 to Charles Peacock III, collateralized by commercial air conditioning equipment valued at $273,000, was stipulated for "business" purposes on the loan application. However, documents contained in the association's files establish that the loan proceeds were actually intended to serve as the down payment on the aforementioned 29.77 acres. For the purposes of this referral, the allegations contained herein will involve only loan #2354 for $50,000, although it is strongly recommended that the $297,000 transaction be thoroughly reviewed for potential fraud as well.

When loan #2354 was funded via cashier's check on April 4, 1985, one day before the loan documents were actually signed on April 5, Charles Peacock remitted only $38,940 to the closing agent, Quapaw Title Company, on April 5 for the purposes of property down payment. By Peacock's own admission in an April 1987 deposition (see attached exhibit), these funds were subsequently diverted by Jim McDougal, who "made a down payment on the 145th Street Property" involving "Jim Guy Tucker and several other people that are involved in it...So it was all kind of a tied-together operation." The property identified by Peacock is commonly referred to as Castle Grande, and did in fact involve Jim McDougal, Jim Guy Tucker, Seth Ward, and several other Madison Guaranty Savings & Loan insiders. RTC investigations strongly recommends that the diversion of these loan proceeds for the down payment on the "145th Street property" be further investigated in conjunction with this referral.

Prior to funding $38,940 of the $50,000 loan proceeds to Quapaw Title Company on April 5, 1985, Peacock allegedly diverted $6,000 from the proceeds to purchase two cashier's checks on April 4, 1985; check numbers Q2497 and Q2498, drawn on MGS&L account #7001312. Each check was in the amount of $3,000, each was purchased in the name of either a Peacock relative or business associate, and each was payable to Bill Clinton, individually rather than the Bill Clinton Political Committee. These two checks were subsequently deposited to the Bill Clinton Political Committee account (#81-313) at the Bank of Cherry Valley, Cherry Valley, Arkansas. Peacock allegedly went so far as to purchase cashier's check #Q2499 in the amount of $4.00 to cover the $2.00 assessment for checks #Q2497 and Q2498. At the time these cashier's checks were issued on MGS&L's account #7001312, it was overdrawn by $<46,881.24>.

On the same day, Flowerwood Farms, Inc., an entity owned and operated by James B. and Susan H. McDougal, issued check #000192 to Madison Guaranty for $3,000; this referral re-incorporates the allegation contained in previously submitted RTC criminal referral #C0004, that these funds were used to procure MGS&L cashier's check #Q2496 for $3,000, purchased in the name of former senator J. W. Fulbright and payable to the Bill Clinton Campaign Fund. According to information obtained from an interview with James B. McDougal, conducted by former Special Investigative Counsel Jeff Gerrish of the Memphis law firm Borod & Huggins, hired by the MGS&L Board of Directors in late 1986 to investigate the McDougal's activities at the thrift, McDougal admitted that he had been "signing documents" for Senator Fulbright "for twenty years", lending a strong degree of probability that the cashier's check in question was in fact purchased by McDougal, and obtained in conjunction with the two checks from Peacock, as evidenced by the sequential order of the checks (#Q2496, 2497, 2498 and 2499). It should be noted that the signature on the Flowerwood Farms check is allegedly that of Susan McDougal. However, it bears no resemblance to Ms. McDougal's signature as it appears on numerous other MGS&L documents.

In addition, check #688 for $3,000 payable to the Bill Clinton Campaign Fund was issued from James B. McDougal's personal account on April 4, 1985, signed by Susan McDougal, which appears to be her actual signature. As previously referenced in RTC criminal referral #C0004, this check was written on the McDougal's account when the balance was

at a negative $<7,897.73>; the check was force paid, allegedly on McDougal's authority, subsequently overdrawing the account to $<10,897.73>. Both the check from McDougal's personal account and cashier's check #Q2496 were deposited into the same Bill Clinton Political Committee account at the Bank of Cherry Valley.

The $50,000 loan to Charles Peacock III, from which $6,000 in campaign contributions were misappropriated, resulted in a $48,500 loss to the association. The $273,000 worth of commercial air conditioning units collateralizing this loan were appraised at $1,500, and ultimately sold as salvage on February 12, 1990, to Little Rock commercial air conditioning contractor John May, thus reducing the $50,000 debt to $48,500. This appears to be excessive depreciation for such allegedly high dollar commercial equipment, subsequently lending credibility to allegations of false statements on the original value of the collateral, and an implied intent to defraud federal examiners. As noted in the examiner's workpapers contained in the 1986 thrift exam, "these a/c units were purchased by Chas Peacock at an auction of new building equipment around 82/83 for a fraction of their original cost...Mr. Denton (MGS&L loan officer Don Denton), however, is not aware of the condition, location, or fair mkt value of this collateral although he does know that Peacock is currently in possession of SOME (emphasis added by FHLB examiner) of the units...". The examiner's comments go on to note that although a loan loss reserve was probably necessary for this loan, the amount that should have been reserved was inestimable at the time.

Emulating a pattern similar to the April 4, 1985 campaign contributions, comparable transactions totalling an additional $10,500 appear to have occurred in both February and October of 1985. These transactions consisted of funds force paid through overdrawn MGS&L accounts styled Madison Marketing (a McDougal owned entity), and White Water Development Corporation (a partnership consisting of Jim & Susan McDougal, and Bill & Hillary Rodham Clinton), in addition to funds from Jim McDougal's personal account. The subject checks were payable to thrift insiders and/or McDougal relatives for amounts of $3,000 to $4,500. The proceeds from each of these transactions can not be completely traced by RTC Investigations due to the involvement of other financial institutions over which the RTC has no jurisdiction. Should these allegations be proven during any ensuing investigation, the potential loss to the association from payment of campaign contributions could exceed $22,000.

The Arkansas State Code is specific with regard to the contribution and acceptance of campaign funds. Title 7 (Elections), Chapter 6, Subchapter 2 (7-6-203) of the Code states under the following paragraphs:

(a) "It shall be unlawful for any candidate for any public office, or any person acting in the candidate's behalf, to accept campaign contributions in excess of one thousand dollars ($1,000) per any election..." (this amount was amended down from $1,500 in 1990.)

(b) "It shall be unlawful for any person to make a contribution to a candidate for public office or to any person acting in the candidate's behalf which, in the aggregate, exceeds one thousand dollars ($1,000) per election..." (again amended down from $1,500 in 1990).

(g) "It shall be unlawful for the Governor, Lieutenant Governor, Secretary of State (etc.)...to accept a contribution during the period beginning thirty (30) days before and ending thirty (30) days after any regular session of the general assembly....During such periods of time it shall be unlawful for any person to promise a contribution to the aforementioned elected officials."

The two $3,000 cashier's checks (#Q2497 and Q2498), plus McDougal's personal check #688 for $3,000, and Flowerwood Farms check # 000192 used to purchase cashier's check #Q2496 for $3,000, totaling $12,000 in campaign contributions allegedly made on April 4, 1985 by McDougal and Peacock, were subsequently deposited to the Bill Clinton Political Committee account (#81-313) at the Bank of Cherry Valley. The Bank of Cherry Valley is located in Cherry Valley, Arkansas, a small community approximately 160 miles northeast of Little Rock. This was not the only account maintained at the Bank of Cherry Valley with which Bill Clinton was associated; White Water Development Corporation had two real estate loans with the bank as well. The source of funds utilized [illegible] some of the payments on these loans are discussed in RTC criminal referral #C0004. According to

information obtained from the Arkansas State Banking Commission, the same individuals who owned the Bank of Cherry Valley, Roland Wilshire and Lex Golden, are or were the principals of the one bank holding company (the Madison Corporation) to whom James B. McDougal sold his failing Madison Bank & Trust of Kingston, Arkansas, in early 1987. In addition, Maurice Smith, a principal and/or loan officer of The Bank of Cherry Valley, was allegedly a long time associate of and frequent caller to James B. McDougal, as noted by the MGS&L phone log records.

The Arkansas Code further states under Title 7, Chapter 6, Subchapter 2 (7-6-201) the following "Definitions":

(1) "...'Person' means any individual, proprietorship, firm, partnership, joint venture, syndicate, labor union, business trust, company, corporation, association, committee, or any other organization or group of persons acting in concert..."

(2)(A) "Contribution" means, whether direct or indirect, advances, deposits, or transfers of funds, contracts, or obligations, whether or not legally enforceable, payments, gifts, subscriptions, assessments, payment for services, dues, advancements, forbearance, loans, pledge or promise of money or anything of value, whether or not legally enforceable, to a candidate, committee, or holder of elective office, made for the purpose of influencing the nomination or election of any candidate.

This referral alleges that MGS&L owner and CEO, James B. McDougal, and MGS&L shareholder and former Director, Charles Peacock III, not only violated their fiduciary responsibility to their state chartered, federally insured thrift, but further conspired to misappropriate thrift funds for the purpose of making illegal campaign contributions to the benefit of Arkansas Governor Bill Clinton, subsequently violating the aforementioned state statute. In addition, McDougal further violated this statute with the $3,000 contribution from his personal account, plus the $3,000 in funds from his Flowerwood Farms, Inc. entity, which were allegedly diverted for the purchase of cashier's check # 02496.

During the April 1985 time frame in which these $12,000 in contributions were made, James B. McDougal and Bill Clinton, along with their wives, Susan H. McDougal and Hillary Rodham Clinton, were business partners in White Water Development, Inc., as previously noted. Also during April 1985, Hillary Clinton, a partner in the Rose Law Firm of Little Rock, was acting as counsel to Madison Guaranty Savings in their representations to the Arkansas Securities Department. Ms. Clinton was soliciting approval for the thrift to authorize and issue a class of preferred stock, which would provide badly needed capital for the thrift. This request occurred during a time in which the thrift was significantly below the required FHLB capitalization limits, per the KPMG-Peat audit discussed in RTC criminal referral #73OCR0195. Other documentation and memoranda obtained from the MGS&L files indicate that this was not the only time that McDougal and/or MGS&L EVP John Latham requested Ms. Clinton's specific legal assistance in addressing sensitive thrift issues (see attached exhibits), rather than utilizing John Selig of the Mitchell firm, who served as General Counsel to MGS&L.

The communications requesting approval to issue a preferred class of stock occurred between Hillary Rodham Clinton and Beverly Bassett (Schaffer) (see attached exhibits), a former partner with the Mitchell law firm of Little Rock, whom had been appointed to her state post as the Savings & Loan Supervisor by then Governor Bill Clinton. Ms. Bassett had previous knowledge of Madison Guaranty Savings & Loan from her tenure with the Mitchell firm. MGS&L records contained a 3/14/84 memo (see attached exhibit F-1) from Ms. Bassett to her law partner, Jim Guy Tucker, regarding Jim McDougal and Chris Wade's activities in conjunction with Campobello Island and their failure to properly comply with the Interstate Land Sales Act (15 U.S.C., 1701). This issue is addressed at length in RTC criminal referral #73OCR0199. In her memo, Ms. Bassett points out:

> "The failure to comply with the Act in connection with one or two previous land development projects is some evidence that the failure once again to comply with the Act was willful and not just a negligent oversight."

The memo goes on to further note:

> "Perhaps just as potentially devastating to the project is the possibility that upon discovering the failure of McDougal and Wade to make a filing and determining that they should have complied with the Act and did not, HUD would seek an injunction against them to force them to stop selling lots or making any improvements whatsoever until they comply with the Act..."

This memo clearly indicates that Ms. Bassett had specific knowledge of MGS&L and Jim McDougal's activities, and evidence of what she termed his "willful and not just negligent oversight" prior to both her appointment by Governor Clinton to the State Securities Department, and her decision to approve Madison's request for the issuance of a preferred class of stock. Although this request was approved by the Securities Department at the state level, the stock was never issued; the initial request was allegedly made based on McDougal's desire to merge Madison Guaranty Savings with Madison Bank & Trust, which was ultimately reviewed and refused at the federal regulatory level.

This referral will substantiate the basis for allegations of criminal activity including, but not limited to, Conspiracy, Aiding & Abetting, Misuse of Position, Misappropriation of Funds, False Statements and/or Documents to a Financial Institution, Bank Fraud, and illegal campaign contributions in violation of Arkansas State Code, Title 7 regarding Elections and Campaign Practices.

Madison Guaranty Savings & Loan
Criminal Referral #730CR0194
August 18, 1993 Page 10

7b. GIVE A CHRONOLOGICAL AND COMPLETE ACCOUNT OF THE SUSPECTED VIOLATION: (Use continuation sheet, if necessary.)

• Relate key events to documents and attach copies of those documents

2/15/85 White Water Development Corporation issues check #000132 on account #2301515 for $3,000, payable to Chris Wade, and allegedly signed by James B. McDougal; however, the signature appears to resemble that of Susan McDougal, a frequent occurrence, and one that was addressed at length in RTC criminal referral #C0004. When the check was written, the White Water account was overdrawn $<1,891.03>, bringing the balance to $<4,891.03> when the check was force paid, allegedly on Jim McDougal's authorization. The check was endorsed "For Deposit Only", and deposited to an account at American Savings & Loan, Yellville, Arkansas. Issuance of this check to Chris Wade, a Madison Guaranty insider and McDougal business partner, is being alleged as a potentially illegal campaign contribution.(Exhibit A-1)

2/26/85 Check #616 is issued from James B. McDougal's personal account #000424, in the amount of $4,500, payable to his mother, Lorene McDougal, and signed by Susan McDougal. These funds were diverted from the proceeds of a $351,502 loan granted to the McDougal's by MGS&L for the purpose of purchasing and renovating a home; proceeds having been deposited into their account on 2/22/85. This diversion of funds was also addressed in RTC criminal referral # C0004. Prior to this deposit, the McDougal's account was overdrawn in excess of $<8,000>. Again, the allegation is set forth that these funds were potentially utilized for illegal campaign contributions.(Exhibit A-2)

4/4/85 Flowerwood Farms, Inc. issues check #000192 for $3,000 to Madison Guaranty, drawn on MGS&L account #2301361, and allegedly signed by Susan McDougal; however the signature bears no resemblance to other documents containing Ms. McDougal's signature. There is no endorsement on the back of the check with the exception of the "Pay to any bank" stamp. This referral alleges that these funds were utilized to purchase MGS&L cashier's check # Q2496 for $3,000. (Exhibit B-1)

MGS&L cashier's check # Q2496 for $3,000, payable to "Bill Clinton Campaign Fund" and remitted by J. W. Fulbright, is drawn on MGS&L account #7001312 (overdrawn by $<46,881.24> at the time). The check is endorsed "For Deposit Only Bill Clinton Political Committee". (Exhibits B-2, B-3)

Check #688 is issued on James B. McDougal's personal MGS&L account #000424, for $3,000 payable to "Bill Clinton Campaign Fund", signed by Susan McDougal. The check is endorsed "For Deposit Only Bill Clinton Political Committee." The check force paid on May 3, 1985, overdrawing McDougal's account to $<10,897.73>. (Exhibit C-1, C-2)

4/4/85 MGS&L cashier's check # LN2461 for $50,000, drawn on account # 7001347, is issued to the "Account of Charles Peacock, III" denoting LN # 2354-70 and identifying a UCC-1 financing statement and collateral of Air Conditioners. The check is endorsed by Charles Peacock III. (Exhibit D-1)

An MGS&L counter check for $6,000, payable to Madison Guaranty, is issued on account #15253, and signed by Charles Peacock III. (Exhibit D-2)

4/4/85 MGS&L cashier's check # Q2497 for $3,000, payable to "Bill Clinton" and remitted by Ken Peacock (MGS&L shareholder, son and business partner of Charles Peacock III), is drawn on MGS&L account #7001312 (still overdrawn by $<46,881.24>.) The check is endorsed "For Deposit Only Bill Clinton Political Committee." (Exhibit D-3, D-4)

MGS&L cashier's check #Q2498 for $3,000, payable to "Bill Clinton" and remitted by "Dean" (actually "Dene") Landrum (MGS&L shareholder and business associate of Charles Peacock III in a company called Quality Hydraulics - see exhibits D-4 and D-6), is drawn on MGS&L account #7001312 (again, still overdrawn). The check is endorsed "For Deposit Only Bill Clinton Political Committee." (Exhibit D-5, D-6)

4/4/85 MGS&L cashier's check #Q2499 for $4.00, payable to Madison Guaranty Savings & Loan and remitted by Charles Peacock III is drawn on MGS&L account #7001312; allegedly to pay for the two previously purchased cashier's checks, #Q2497 and Q2498. (Exhibit D-7)

4/5/85 MGS&L "closes" loan #2354 for $50,000 to Charles Peacock III, having previously funded the loan the day before, 4/4/85, with cashier's check # LN2461. The loan is collateralized by commercial air conditioning units with an alleged value of $273,000, and secured through a UCC-1 Financing statement (Exhibits E-1 through E-7)

An MGS&L counter check for $38,940, payable to Quapaw Title Company, is issued on account #15253, and signed by Charles Peacock III. These funds are subsequently deposited into the Quapaw Title Company account at MGS&L (account #7012062). (Exhibit E-8, E-9)

4/30/85 Rose Law Firm partner and White Water Development principal, Hillary Rodham Clinton, sends a letter to Beverly Bassett, Savings & Loan Supervisor of the Arkansas Securities Department, seeking approval for MGS&L to issue a class of non-voting preferred stock. (see exhibit F-1)

5/14/85 The Arkansas Securities Department, through it's Savings & Loan Supervisor Beverly Bassett, a gubernatorial appointee, responds to Hillary Clinton's letter of 4/30/85, concurring with her analysis on the issuance of preferred stock, concluding that the "proposed capitalization plan is not inconsistent with Arkansas Law." (Exhibit F-1) Although approved at the state level, the preferred class of stock was never actually issued; the initial request was allegedly made based on McDougal's desire to merge Madison Guaranty Savings & Loan with Madison Bank & Trust, which was subsequently reviewed, and refused, at the federal regulatory level.

5/23/85 Hillary Clinton sends a letter to MGS&L CEO Jim McDougal advising him that Beverly Bassett has approved the proposed authorization and issuance of preferred stock, further stating that she looks "...forward to continuing success in resolving whatever questions arise as you pursue your plan for growth." (Exhibit F-2)

8/8/85 MGS&L internal memorandum from Pat Jones (Heritage), formerly the executive assistant to MGS&L EVP John Latham (who has previously pled guilty in conjunction with Madison's activities) stating:

> "John, Sarah has not spoken with John Selig regarding the application to move the home office. I told her that you had given it some thought and preferred to use Hillary Clinton instead." (Exhibit G-1)

8/9/85 MGS&L internal memorandum from Pat Jones (Heritage) to Sarah Worsham-Hawkins regarding the application to move home office, stating:

> "...John would like for you to have everything ready on the application to move the home office when he gets back from vacation. He said for you to get Rick Massey (of the Rose Firm) to help you and look over what you've done. He will talk to Hillary Clinton when he gets back..." and ... "John has said for you and Rick to decide how the Director's Stock Ownership should be valued..." (Exhibit G-2)

10/31/85 Madison Marketing issues an MGS&L counter check for $3,000 on account #7011872, payable to Susan McDougal, signed by Lisa Aunspaugh. If this transaction is consistent with previously established patterns, there is a strong probability that the Madison Marketing account was overdrawn on this date. The checking account statement for this account is not available to Investigations at this time, but can be obtained from the records retained by Central Bank & Trust, the receiving entity for MGS&L. The check is endorsed "deposit to the account of the payee. It has been recommended that this check be reviewed in conjunction with the previous campaign contribution transactions. (Exhibit H-1)

6/17/86 MGS&L generated response to the FHLB examiners inquiry, stating under the paragraph entitled "Question 2:"

> "Loan #2406 - Dixie Continental Leasing, Inc. The land was not sold at below listed price. The borrowers source of funds for the down payment was a loan in the amount of $50,000, granted by Madison Savings & Loan #2354, secured by commercial air conditioners owned and unencumbered by Charles Peacock III". (Exhibit I-1)

6/30/86 An itemized report is prepared by the outside accounting firm of KPMG-Peat, brought in to review the prior 1984 and 1985 audits previously done by Frost & Co., of Little Rock. The report identifies "related/affiliated party loans" showing the various Peacock family members and entities as being in debt to the association for $1,095,785. (Exhibit J-1)

NOTE: MGS&L's Board of Directors subsequently sued Frost & Co., on the basis of the KPMG-Peat findings; The RTC assumed the claim at the time of receivership, and Frost & Co. ultimately settled with the RTC for an amount exceeding $1,000,000.

10/24/86 FHLB examiner Jim Clark's workpapers identify the problems existing with MGS&L loan # 2354 to Charles Peacock III stating:

> "classification: specific reserve inestimable"

and goes on to cite reasoning that has been previously stated in the referral, quoting loan officer Don Denton's comment about not being aware of the condition, location or value of the collateral. (Exhibit K-1)

12/11/86 Special Investigative Counsel Jeff Gerrish of the Memphis firm Borod & Huggins conducts an interview with Jim McDougal. Under paragraph 16 of the interview report, Gerrish states:

> "McDougal indicated that he had been signing notes and everything else for Fulbright for the past 20 years. He never said that he had any type of power of attorney for Fulbright, but he did say that the Arkansas Supreme Court had held that if someone consistently signs as attorney in fact for someone, then it amounts to them having power of attorney." (Exhibit L-1)

4/15/87 Charles Peacock III is deposed in conjunction with a civil action filed by MGS&L as Plaintiff, naming Dixie Continental Leasing, K&D Landscaping and Charles Peacock III as defendants. On Page 17, lines 10 - 15, Peacock states that Jim McDougal used down payment funds intended for Peacock's 29.77 acre purchase at Maple Creek Farms, and diverted them to the down payment on the 145th street property (Castle Grande) involving Jim Guy Tucker, et al. (Exhibit M-1)

10/31/88 A report contained in MGS&L's records, identified as "Charged Off Loans in Litigation", specifically identifies "CHG OFF 2354" to Charles Peacock, III with a principal balance of $50,353.25, and a daily interest accrual rate of $17.93, past due since 4/5/86. It further identifies the type of litigation to be "repossession", and that the status was "process of liquidation." (Exhibit N-1)

2/12/90 John May, a Little Rock Commercial Air Conditioning contractor submits a $1,500 estimate, and subsequent purchase bid, for the Peacock commercial air conditioning units previously valued at $273,000. His offer is accepted and the value off-set to the loan balance, decreasing the association's loss to approximately $48,000 plus interest. (Exhibit O-1)

• Explain who benefitted, financially or otherwise, from the transaction, how much, and how.

This transaction provided a three-way benefit:

- benefit to Jim McDougal through the use of loan proceeds to provide campaign contributions to one of his business partners, while creating the means to divert funds for a down payment related to the Castle Grande transaction, thus benefiting another of his business partners;
- benefit to Charles Peacock III through the partial use of the loan proceeds not only from the $50,000 loan, but also the $297,000 loan transaction that closed the same day, said transactions being admittedly over funded for "development costs";
- benefit to the Bill Clinton campaign derived from the allegedly misappropriated loan funds that were deposited to the Bill Clinton Political Committee account at the Bank of Cherry Valley.

• Furnish any explanation of the transaction provided by the suspect and indicate to whom and when it was given.

The only explanation offered thus far has been that of Charles Peacock III, in his April 15, 1987 deposition.

• Furnish any explanation of the transaction provided by any other person.

Additional explanation has been provided through documents culled from the thrift's records, which are attached as exhibits.

• Furnish any evidence of coverup by the suspect, or evidence of an attempt to deceive federal or state examiners or others.

Multiple facets of this referral provide evidence of an attempt to deceive state and federal examiners:

- the extensive use of counter checks drawn on individual checking accounts rather than utilizing pre-printed numbered account checks which would appear on monthly statements;
- the extensive use of cashier's checks for the payment of campaign contributions, rather than using pre-printed numbered checks which would appear on monthly statements, as well as providing a record of individual contributions
- the diversion of thrift loan proceeds for the payment of campaign contributions, via cashier's checks, so as not to leave an evident paper trail
- closing the $50,000 loan transaction the day after the proceeds had already been funded
- falsely inflated value of the commercial air conditioning units securing the $50,000 loan, thus providing what would appear to be acceptable collateral and UCC-1 financing statement for the loan files

• Indicate where the suspected violation took place (e.g., main office, branch, other).

This violation took place at the Madison Guaranty Savings and Loan office at 16th and Main in Little Rock, Arkansas.

• Recommend any further investigation that might assist law enforcement in fully examining the potential violation.

Recommendations for further investigation include:

- a thorough review of the $297,000 loan to Charles Peacock III on April 5, 1985, in an effort to determine the disposition of the "over funded" development costs, as he contended in his 4/15/87 deposition that MGS&L still owed him over $70,000 in contracting and development costs;

- a review of the Madison Marketing DDA statements, held by Central Bank & Trust, to determine the status of that account on the date that the $3,000 check to Susan McDougal was written, as well as final determination on the disposition of the funds

- a review of the American Savings & Loan, Yellville, Arkansas, records relating to Chris Wade's checking account, to determine the final disposition of the $3,000 check written to him by White Water Development Corp.

- further investigation into the alleged diversion of the Peacock down payment by Jim McDougal for use in the Castle Grande transaction

- a review of the source of deposits and account activity in the Bill Clinton Political Committee Account records at the Bank of Cherry Valley.

- further investigation into the possible conflict of interest regarding Hillary Clinton representing her business partner's thrift before another state agency, whose department supervisor was a political appointee, designated by her husband.

7c. Indicate whether the suspected violation appears to be an isolated incident or whether it relates to other transactions. (Explain)

This transaction, rather than being an isolated incident, was reflective of the practices engaged in by McDougal, his business associates, and other MGS&L insiders ultimately resulting in the insolvency and failure of the institution.

8. EXCLUSION OF INFORMATION FROM THE REFERRAL:

Has any pertinent information been excluded from this referral as a result of any legal or other restraint?
_____ Yes ___X___ No If so, why?

Have the excluded information or documents been segregated for later retrieval?
_____ Yes ___X___ No

9. HAS SUSPECTED INDIVIDUAL(S) MADE ANY ADMISSIONS?

_____ Yes ___X___ No If so, who?

10. WITNESSES:
List any witnesses who might have information about the suspected violation and describe their position or employment. Indicate if they have been interviewed. (Use continuation sheet, if necessary.)

	NAME	POSITION	ADDRESS (CITY/STATE/ZIP)	TELEPHONE NUMBER	INTERVIEWED	
					YES	NO
1.	Ken Peacock	Business partner and son of Charles Peacock III	Bald Knob, Arkansas	Unknown		X
2.	E. Dene Landrum	Business partner of Charles Peacock III/Quality Hydraulics	Bald Knob, Arkansas	Unknown		X
3.	J. W. Fulbright	McDougal business associate and thrift borrower	Little Rock, Arkansas	Unknown		X
4.	Patricia Heritage	Former executive assistant to thrift EVP John Latham	The Rose Law Firm Little Rock, Arkansas	Unknown		X
5.	Beverly Bassett Schaffer	Former Arkansas State Securities Dept S&L Supervisor	Little Rock, Arkansas	Unknown		X
6.	Hillary Rodham Clinton	Former Counsel to MGS&L	Little Rock, Arkansas and/or Washington, D.C.	Unknown		X

- a review of the Madison Marketing DDA statements, held by Central Bank & Trust, to determine the status of that account on the date that the $3,000 check to Susan McDougal was written, as well as final determination on the disposition of the funds

- a review of the American Savings & Loan, Yellville, Arkansas, records relating to Chris Wade's checking account, to determine the final disposition of the $3,000 check written to him by White Water Development Corp.

- further investigation into the alleged diversion of the Peacock down payment by Jim McDougal for use in the Castle Grande transaction

- a review of the source of deposits and account activity in the Bill Clinton Political Committee Account records at the Bank of Cherry Valley.

- further investigation into the possible conflict of interest regarding Hillary Clinton representing her business partner's thrift before another state agency, whose department supervisor was a political appointee, designated by her husband.

7c. Indicate whether the suspected violation appears to be an isolated incident or whether it relates to other transactions. (Explain)

This transaction, rather than being an isolated incident, was reflective of the practices engaged in by McDougal, his business associates, and other MGS&L insiders ultimately resulting in the insolvency and failure of the institution.

8. EXCLUSION OF INFORMATION FROM THE REFERRAL:

Has any pertinent information been excluded from this referral as a result of any legal or other restraint?
_____ Yes __X__ No If so, why?

Have the excluded information or documents been segregated for later retrieval?
_____ Yes __X__ No

9. HAS SUSPECTED INDIVIDUAL(S) MADE ANY ADMISSIONS?

_____ Yes __X__ No If so, who?

10. WITNESSES:
List any witnesses who might have information about the suspected violation and describe their position or employment. Indicate if they have been interviewed. (Use continuation sheet, if necessary.)

	NAME	POSITION	ADDRESS (CITY/STATE/ZIP)	TELEPHONE NUMBER	INTERVIEWED	
					YES	NO
1.	Ken Peacock	Business partner and son of Charles Peacock III	Bald Knob, Arkansas	Unknown		X
2.	E. Dene Landrum	Business partner of Charles Peacock III/Quality Hydraulics	Bald Knob, Arkansas	Unknown		X
3.	J. W. Fulbright	McDougal business associate and thrift borrower	Little Rock, Arkansas	Unknown		X
4.	Patricia Heritage	Former executive assistant to thrift EVP John Latham	The Rose Law Firm Little Rock, Arkansas	Unknown		X
5.	Beverly Bassett Schaffer	Former Arkansas State Securities Dept S&L Supervisor	Little Rock, Arkansas	Unknown		X
6.	Hillary Rodham Clinton	Former Counsel to MGS&L	Little Rock, Arkansas and/or Washington, D.C.	Unknown		X

11. DISCOVERY AND REPORTING:

a. Who discovered the suspected violation and when?

RTC Criminal Investigator, July 1993

b. Has the suspected violation been reported to the Board of Directors?
_____ Yes _____ No Not Applicable

By whom and when? Not Applicable

c. Has the Board of Directors taken action?
_____ Yes _____ No Not Applicable

If so, what and when? Not Applicable

d. Has the suspected violation previously been reported to federal or local law enforcement or to any federal or state supervisory agency?
_____ Yes __X__ No

If Yes, Agency:
Agent:
Address: (City/State)
Telephone Number:

12. LOSS:

a. Amount of Loss known: $ Undetermined at this time
b. Restitution by:
In the amount of: $
c. Name of Applicable Surety Bond Company:
d. Amount of Bond: $
e. Amount of deductible: $
f. Was claim filed? _____ Yes _____ No
g. Settlement by Surety Company: $
h. Total restitution and settlement to date: $
i. Net Loss: (After subtracting any amounts paid in the form of restitution or settlement) $
j. Is additional loss suspected? __X__ Yes _____ No
(If yes, explain)

The nature of the transactions identified in this referral could lead to additional losses under further investigation.

k. Has the suspected violation had a material impact on, or otherwise affected, the financial soundness of the institution? If so, please explain.

Yes; the activities identified and alleged within this referral could have contributed to the failure of the institution.

13. OFFER OF ASSISTANCE:

The individuals listed below are/will be authorized to discuss this referral with appropriate law enforcement officials and to assist in locating or explaining any documents pertinent to this referral, provided that contact is first made with:

NAME	TELEPHONE NUMBER
L. Jean Lewis/Senior Criminal Investigator/KCO	(816) 968-7237
Lee O. Ausen/Department Head/Criminal Investigations/KCO	(816) 968-7243
L. Richard Iorio/Field Investigations Officer/KCO	(816) 968-7212
	HOUSE

14. FORM PREPARED BY: L. Jean Lewis
Position: Senior Criminal Investigator
Agency/Institution: Resolution Trust Corporation
Telephone Number: (816) 968-7237
Date: August 18, 1993

15. AUTHORIZATION FOR TRANSMITTAL:

Investigator — Date 9/24/93

Supervisory Investigator — Date 9/24/93

Field Investigations Officer — Date 9-24-93

736-TCO/kei
Revised 10/08/92
Crimref.new

001049
HOUSE

PLS008JS

Open Up on Madison Guaranty

Much as President Clinton might wish, the curious saga of his and his wife's dealings with the owner of a failed Arkansas savings and loan association just won't go away. It keeps popping up in Congressional inquiries and newspaper accounts, each time with a new and unsavory detail added to an already unflattering portrait of the cozy relationship between money and politics in Arkansas.

An important detail, disclosed by The Times's Jeff Gerth and Stephen Engelberg, is that the owner of Madison Guaranty Savings and Loan, James McDougal, helped Mr. and Mrs. Clinton repay a $50,000 personal debt just when Mr. McDougal needed favorable treatment from state banking officials to stay in business. Mr. McDougal did stay in business, his problems got worse, and in 1989 the bank was taken over by the Federal Government, at a cost to taxpayers of $60 million.

There is no irrefutable evidence of a quid pro quo. But the Arkansas savings and loan mess, and the Clintons' relationship to it, is not, as the White House keeps saying, an "old" story that has no relevance to Mr. Clinton or his present job. This is a man who rode into Washington on a pledge to end politics as usual, and every time the White House dodges inquiries about the old days in Arkansas, reasonable people begin to wonder about a cover-up and Mr. Clinton's sincerity.

•

The matter clearly needs ventilating, and if the White House won't do it, two other institutions can. One is the Justice Department, which is already looking into transactions at Madison. The Clintons are not targets of the probe.

The other is the House Banking Committee, whose ranking minority member, Jim Leach, believes that a full investigation of Madison could help the committee frame new rules to prevent future banking disasters. His request has been rebuffed by the committee chairman, Henry Gonzalez, a Democrat who until now has been a tiger on the savings and loan issue. Mr. Gonzalez accuses Mr. Leach of a Republican "fishing expedition."

Mr. Leach has also called Madison a "private piggy bank" for its owners and their influential Arkansas friends, and on this he is surely right. In addition to a string of dubious real estate investments, Madison made large unsecured loans to executives and other insiders.

Madison's practices attracted the attention of Federal auditors, whose 1984 review found "unsafe and unsound lending practices" that could threaten to drive the bank under. Shortly thereafter, Governor Clinton named Beverly Bassett Schaffer as head of the Arkansas agency charged with overseeing state-chartered savings and loans. Ms. Schaffer had once done legal work for Madison. For the next 18 months, up to the point where Federal regulators moved in, she took no significant regulatory action.

Three months after her appointment, Mr. Clinton came to Mr. McDougal with a request to "knock out the deficit" — Mr. McDougal's words — left over from the Governor's 1984 campaign. It turns out that the deficit wasn't just an ordinary campaign debt, but $50,000 Mr. and Mrs. Clinton had borrowed from another bank to finance the campaign. Mr. McDougal organized a fund-raiser and the debt was repaid. Federal auditors suspect that some of the donations assembled by Mr. McDougal may have been improperly diverted from the savings and loan.

Bruce Lindsey, the official wheeled out by the White House to answer questions, says the Clinton-McDougal relationship was entirely above board. Others, however, are more than mildly troubled by the fact that Mr. Clinton did not order his regulators to crack down on Mr. McDougal even after he was advised by his own banking commissioner in 1983 that the savings and loan operator was engaged in imprudent banking practices.

Suspicions that Mr. Clinton was excessively kind to his friend — at great cost, eventually, to the taxpayers — are further reinforced by the fact that Mr. McDougal had done other favors for the Clintons, including making them 50-50 partners in Whitewater Development, a real estate company for which Mr. McDougal put up most of the money. The venture ultimately failed, and the Clintons lost money. But that doesn't make their financial ties to Mr. McDougal seem any more savory.

Based on what's publicly known, there's probably not a crippling scandal here. But the White House is behaving as if there were. For example, Federal investigators say they have received little cooperation in a search for files they suspect were taken from the office of Vincent . Foster, a White House aide who killed himself. Investigators want to know if one of those files dealt with Mr. McDougal and Whitewater.

This defensiveness isn't helping anyone. Mr. Clinton — and Mr. Gonzalez — owe it to the public to clear the air about Madison and its influential Arkansas friends.

This is important to be on top of. Bassett did a good job in camp. on this-- can she now?

(transcription of handwritten notes of President Clinton)

New York Times
Dec. 20, 1993

PERSONAL AND CONFIDENTIAL

MEMORANDUM

TO: John Tisdale

FROM: Karen Garnett

DATE: January 13, 1994

RE: Madison Guaranty Savings and Loan Association

Attached to this memo is the chronology of documents and events regarding Madison. This memorandum will provide some additional background information which is based on our discussions with Beverly Bassett Schaffer ("BBS").

In the fall of 1973, Bill Clinton lived in Fayetteville and taught at the University of Arkansas at Fayetteville law school. BBS first met Bill Clinton in 1974 when she was a volunteer in his campaign for United States Representative against incumbent John Paul Hammerschmidt; she was an undergraduate student at the time.

BBS graduated from college in 1975 and moved to Little Rock in 1976, where she began working for Commercial National Bank and enrolled in law school. Bill Clinton was elected Attorney General in November 1976; BBS was not involved in his campaign. In 1977, BBS applied and was hired to work in the Consumer Protection division of the Attorney General's office, while she continued her law school studies.

Bill Clinton was elected Governor in November 1978. He discussed with BBS the possibility of hiring her for a post in the Governor's office; BBS declined in order to finish law school and

h:\bg1500.095

Public Law 103-204
103d Congress

An Act

To provide for the remaining funds needed to assure that the United States fulfills its obligation for the protection of depositors at savings and loan institutions, to improve the management of the Resolution Trust Corporation ("RTC") in order to assure the taxpayers the fairest and most efficient disposition of savings and loan assets, to provide for a comprehensive transition plan to assure an orderly transfer of RTC resources to the Federal Deposit Insurance Corporation, to abolish the RTC, and for other purposes.

Dec. 17, 1993
[S. 714]

1117

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Resolution Trust Corporation Completion Act.
Banks and banking.
12 USC 1421 note.

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Resolution Trust Corporation Completion Act".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

MEMORANDUM

TO: Whitewater group

FROM: Harold Ickes

DATE: 10 January 1994

RE: Assignments

---

1. Talking points (counsel/MW)
2. Q&A (counsel/BL/MW, 1/5[1])
3. 2-3 page argument why no special counsel (counsel, MW)
4. History of special counsels/independent counsels (counsel, 1/6)
5. "Chronology" (counsel, BL, MW)
6. Op ed piece (counsel, BL, MW 1/8)
7. Congressional op ed piece (counsel, BL, MW)
8. Response to Safire piece (counsel, BL, MW 1/6)
9. Memo on independent counsel statute (counsel 1/8)
10. Synopsis of Whitewater/Madison Guaranty matter (counsel, BL, MW, 1/7)
11. Memo re statute of limitations for civil actions (counsel - assigned 1/8[2])
12. ~~Review, on daily basis, all~~ articles from major newspapers and statements made on major electronic media re Whitewater and prepare memo to be promptly circulated to the group regarding inaccuracies, etc. (counsel, BL, MW)
13. Contact select members of Congress about public support (PG)

---

[1] These dates refer to the date of the draft document.

[2] Indicates date the assignment was made.

S 020819

MEMORANDUM

TO: Whitewater group

FROM: ~~Harold Ickes~~

DATE: 9 January 1994

RE: Assignments

---

1. Talking points (counsel/MW)
2. Q&A (counsel/BL/MW, 1/5[1])
3. 2-3 page argument why no special counsel (counsel, MW)
4. History of special counsels/independent counsels (counsel, 1/6)
5. "Chronology" (counsel, BL, MW)
6. Op ed piece (counsel, BL, MW 1/8)
7. Congressional op ed piece (counsel, BL, MW)
8. Response to Saffire piece (counsel, BL, MW 1/6)
9. Memo on independent counsel statute (counsel 1/8)
10. ~~Synopsis of Whitewater/Madison Guaranty matter~~ (counsel, BL, MW, 1/7)
11. Memo re statute of limitations for civil actions (counsel - assigned 1/8[2])
12. Review, on daily basis, all articles from major ~~newspapers and statements made on major electronic~~ media re Whitewater and prepare memo regarding inaccuracies, etc. (counsel, BL, MW)

---

[1] These dates refer to the date of the draft document.

[2] Indicates date the assignment was made.

S 020888

THE WHITE HOUSE

WASHINGTON

January 17, 1994

MEMORANDUM FOR HAROLD ICKES
DEPUTY CHIEF OF STAFF

FROM: W. NEIL EGGLESTON
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: STATUTE OF LIMITATIONS IN ACTIONS BROUGHT BY THE CONSERVATOR OF A FINANCIAL INSTITUTION

There has been substantial discussion by Republican Members of Congress about the statute of limitations to recover against those who may have committed a tort or breach of contract involving a financial institution that has since been taken over by the Resolution Trust Corporation ("RTC").

Title 12, United States Code, Section 1441a, was amended by the Resolution Trust Corporation Completion Act, signed by the President on December 17, 1993. (A copy of the pertinent section of the amendment is attached.)

That Act extended the statute of limitations from three to five years for torts committed against financial institutions that have been taken over by the RTC. Thus, the RTC must bring a tort claim within five years after it was appointed a conservator or receiver.

For the purpose of the extension of the statute of limitations, the Act defines a tort claim as "a claim arising from fraud, intentional misconduct resulting in unjust enrichment, or intentional misconduct resulting in substantial loss to the institution." (This definition is narrower than the traditional definition of a tort.)

The statute of limitations for breach of contract claims is six years after the institution was taken over by the RTC. 12 U.S.C. Sec. 1821(d)(14)(A)(i)(I).

S 009908

Madison Guaranty was taken over by the federal government on or about March 2, 1989. As a result of the new Act, if the RTC sues on a covered tort claim, the action must be brought by March 2, 1994. Without the new Act, the statute of limitations for all tort claims would have expired on March 2, 1992. If the RTC sues on a contract claim, the action must be brought by March 2, 1995.

The type of action brought against outsiders in financial institution cases is usually a tort claim.

The statute of limitations for criminal violations involving a financial institution is ten years from the date the crime occurred. 18 U.S.C. Sec. 3293. The date that the institution was taken over by the government is not relevant to the computation of the criminal statute of limitations.

W.N.E.

cc: Bernard W. Nussbaum

S 009909

103 P.L. 204, *3; 1993 S. 714;
107 Stat. 2369

(3) Competitive bidding.--The Administrator of General Services, in compliance with regulations of the Resolution Trust Corporation, may bid on property described in the notice required under paragraph (1) that is otherw subject to competitive bidding.

[*4] Sec. 4. EXTENSION OF STATUTE OF LIMITATIONS.

(a) In General.--Section 21A(b) of the Federal Home Loan Bank Act (12 U.S 1441a(b)) is amended by adding at the end the following new paragraph:

"(14) Extension of statute of limitations.--

"(A) Tort actions for which the prior limitation has run.--

"(i) In general.--In the case of any tort claim--

"(I) which is described in clause (ii); and

"(II) for which the applicable statute of limitations under sect 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act has expired before the date of enactment of the Resolution Trust Corporation Completion Act;

the statute of limitations which shall apply to an action brought on such claim by the Corporation in the Corporation's capacity as conservator or receiver of an institution described in paragraph (3)(A) shall be the period determined under subparagraph (C).

"(ii) Claims described.--A tort claim referred to in clause (i)(I) with respect to an institution described in paragraph (3)(A) is a claim aris from fraud, intentional misconduct resulting in unjust enrichment, or intentional misconduct resulting in substantial loss to the institution.

"(B) Tort actions for which the prior limitation has not run.--

"(i) In general.--Notwithstanding section 11(d)(14)(A) of the Fede Deposit Insurance Act, in the case of any tort claim--

"(I) which is described in clause (ii); and

"(II) for which the applicable statute of limitations under sect 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act has not expired as of date of enactment of the Resolution Trust Corporation Completion Act;

the statute of limitations which shall apply to an action brought on such claim by the Corporation in the Corporation's capacity as conservator or receiver of an institution described in paragraph (3)(A) shall be the period determined under subparagraph (C).

"(ii) Claims described.--A tort claim referred to in clause (i)(I) with respect to an institution described in paragraph (3)(A) is a claim aris from gross negligence or conduct that demonstrates a greater disregard of a of care than gross negligence, including intentional tortious conduct relat to the institution.

LEXIS·NEXIS LEXIS·NEXIS LEXIS·NEXIS
Services of Mead Data Central, Inc.
1-15-94 5:10PM
S 009910

"(C) Determination of period.--The period determined under this subparagraph for any claim to which subparagraph (A) or (B) applies shall be longer of--

"(i) the 5-year period beginning on the date the claim accrues (as determined pursuant to section 11(d)(14)(B) of the Federal Deposit Insurance Act); or

"(ii) the period applicable under State law for such claim.

"(D) Scope of application.--Subparagraphs (A) and (B) shall not apply any action which is brought after the date of the termination of the Corporat under subsection (m)(1).".

(b) Technical and Conforming Amendment.--Section 11(d)(14)(A)(ii) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(14)(A)(ii)) is amended by inserting "(other than a claim which is subject to section 21A(b)(14) of the Federal Home Loan Bank Act)" after "any tort claim".

[*5] Sec. 5. LIMITATION ON BONUSES AND COMPENSATION PAID BY THE RTC AND THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD.

(a) In General.--Section 21A of the Federal Home Loan Bank Act (12 U.S.C. 1441a) is amended by adding after subsection (w) (as added by section 3(a) of this Act) the following new subsection:

"(x) Limitation on Excessive Compensation and Cash Awards.--

"(1) Establishment of performance appraisal system required.--The Corporation shall be treated as an agency for purposes of sections 4302 and of title 5, United States Code.

"(2) Procedures for payment of cash awards.--

"(A) In general.--Sections 4502, 4503, and 4505a of title 5, United States Code, shall apply with respect to the Corporation.

"(B) Limitation on amount of cash awards.--For purposes of determini the amount of any performance-based cash award payable to any employee of th Corporation under section 4505a of title 5, United States Code, the amount o basic pay of the employee which may be taken into account under such section shall not exceed the amount which is equal to the annual rate of basic pay payable for level I of the Executive Schedule.

"(3) All other cash awards and bonuses prohibited.--Except as provided paragraph (2), no cash award or bonus may be made to any employee of the Corporation.

"(4) Limitations on cash awards and bonuses.--No employee shall receiv any cash award or bonus if such employee has given notice of an intent to re to take a position in the private sector before the payment of such cash awa or bonus or accepts employment in the private sector not later than 60 days after receipt of such award or bonus.

LEXIS·NEXIS LEXIS·NEXIS LEXIS·NEXIS
Services of Mead Data Central, Inc.
S 009911

1/16/94 - [illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

① release of documents:

- as the nature of case turned
- [illegible]

② scope of [illegible] limitations

- no allegation that charters knew [illegible]
- [illegible]
- we did [illegible] what case refers to
- always expected for [illegible]

③ who would speak: [illegible]

- [illegible]

cp 27 -

DK - no [illegible]

④ [illegible] -

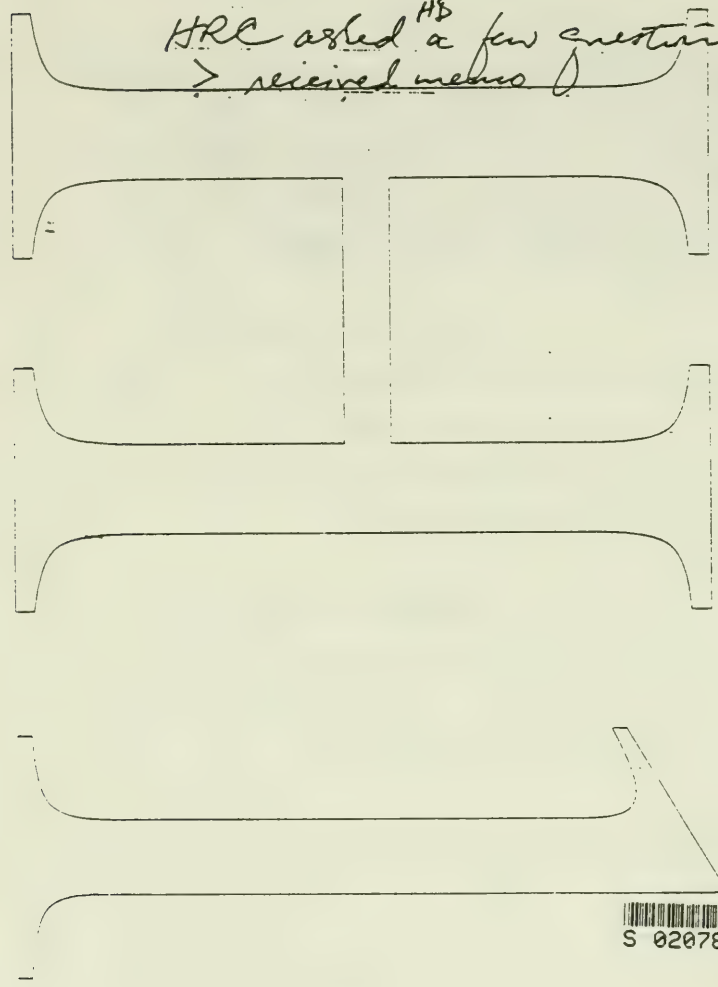
S 020790

S 020783

Late Feb (2/26 or 27). HS has convers
w/ WJC in which WJC asks HS
if OK re RAC procedure whether
HS & HRC & WJC had proposed.
HS asked NE to draft memo which
NE does in hours. HS mind

revisions. Sends to HRC 3/1. OR discussion.

HRC asked HS a few questions. Time > received memo



S 020784

Page 1

Add New paragraph March 1993 "Roelle stated that he advised Roger Altman the first day he became RTC CEO about the first referral filed regarding Madison in October 1992 and that it mentioned the Clintons. (Roelle, pg. 16). He stated that he briefed Casey (the prior CEO) about the October 1992 referral and that this briefing was routine. (Id. pg. 13). He stated that it was RTC policy and his responsibility to inform the CEO of any high profile referral and he had done so with prior CEOs (Id. 14-15)

After para. 1, add "Dudine asked Kansas City staff to forward the referrals to him and he received them on September 4. (Dudine, pg. 23)"

Page 2

Page 3

Page 4

Page 5

Para. 1. add "or speaking with the Secretary. She also does not recall receiving any response to her memo." Revise cite to (Hanson (1), pg.59; Hanson (1), pgs. 70-71, Hanson (2), pg. 51).

Para. 3. First line, change "the" Early Bird to "an".

Para. 5. Revise last sentence to read "Hanson stated that she didn't recall if she conveyed this information to Altman, although she would have in the ordinary course." Revise cite to pg. 75 to pg. 74.

Page 6

Para. 5. First sentence: delete "to meet with Devore"

Page 7

Para. 7. Revise to "DeVore stated that the purpose of the WH meeting was to advise the White House of Gerth's inquiry. (Devore, pgs 16-17)"

Para. 8. Add Hanson's statement that it seemed clear to her that the existence of the referrals was already in the hands of the press. (Hanson (1) pg. 81)

After para. 9. Add "Hanson reported she had a vague recollection that there was a discussion relating to checks but she didn't know anything about any checks." (Hanson (1) pg. 106.

Page 8

Para. 1, fourth line. Add the word "to" between prior and her.

Para. 2, end of 3d line delete "criminal referrals and" replace them with "the criminal referrals."

Para. 4, add "Gerth's mention of" before "the criminal referrals"

Para. 6 revise 3rd line to read "he shared a legal opinion on the nine criminal matters." John Bowman states that he does not recall seeing the memo (Bowman, pg. 11). Jean Hanson does not recall seeing the memo (Hanson (1), pg. 133).

Page 9

Para. 5. Add at end "and that he wanted to tell the White House."

Page 10

Para 1. Add at end "but he believes he did not."

Para. 7. Add at end of second sentence: "but cautioned that the last bullet about recusal should not be included if Altman had not decided to recuse himself."

Page 11

Para. 2. Fifth line, after Congress add "and the media,"

Para. 3. [or after] add: Ms. Hanson recalled that Mr. Nussbaum said that if Mr. Altman were to stay in the process and not recuse himself there would be discipline imposed on the process to produce a thorough and fair result and that Ms. Williams asked if the investigation could be completed by the end of February. (Hanson (1) pg. 174)

Page 12

Para. 7. Delete first sentence.

Para. 8. Change the date in the first sentence from "10/14/93" to "2/2/94."

Para. 9 add "probably" before subsequently on 1st line.

Page 13

Para. 2. Last sentence does not refer to document discussed in first sentence but rather to the Leach 3 page letter with the 14 page attachment -- suggest delete and change cite to pg.9.

Page 14

Para. 9 Lines 4 and 5, delete "my general opinion at that time was"

Page 15

Para. 4. Line 3 revise to read "that Altman should not be quite so definitive about announcing his" Line 4, after CEO add "at the end of his term but it was his decision."

Page 16

Para. 5. Revise to read "Eggleston stated that he called Hanson to ask if it was true that Jay Stephens was a lawyer at the law firm of Pillsbury, Madison and Sutro and she did not answer the question."

Page 17

Para. 1 delete "regarding the recusal" and replace with "explaining his recusal decision." Revise cite to pgs. 51-52.

SUGGESTED REVISION TO IG REPORT

Page 1

Add New paragraph March 1993 "Roelle stated that he advised RA the first day he was here about the first referral filed regarding Madison in October 1992 and that it mentioned the Clintons. (Roelle, pg. 16). He stated that he briefed Casey (the prior CEO) about the October referral. (Id. pg. 13). He stated that it was RTC policy and his responsibility to inform the CEO of any high profile referral and he had done so with prior CEO's Casey and Cooke (Id. 14-15)"

Para. 6, revise cite to add Roelle, pg. 31

After para. 1, add "Dudine asked KC staff to forward referrals to him and he received them on 9/4 (Dudine, pg. 23)"

Page 2

Page 3

Para. 6. Change cite to pg. 39-41

Page 4

Following para. 1. Add that Ms. Hanson informed Mr. Altman of the meeting by memo dated 9/30 but doesn't recall getting a response (Hanson(1), pg. 70-71)

Page 5

Para. 1. add "or speaking with the Secretary." Revise cite to (Hanson (1), pg.59; Hanson (2), pg. 51).

Para. 3. First line, change "the" Early Bird to "an".

Para. 5. Revise last sentence to read "Hanson stated that she didn't recall if she conveyed this information to Altman, although she would have in the ordinary course." Revise cite to pg. 75 to pg. 74.

Page 6

Para. 3. Revise cite to pgs 8-10

Para. 4. Add cite pgs 8-9 after first sentence. Revise last sentence to read "A meeting was set up at the WH". Revise cite to pgs. 13-14.

Para. 5. First sentence: delete "to meet with Devore"

[Hanson's tr. does not indicates only that when she arrived at RA's office, DeVore was there].

Page 7

Para. 1. Revise cite to pg.17.

Para. 2. Revise 3d line "in advance of the meeting"

Para. 6. Last sentence, revise to indicate that Devore believed it was TRS IG policy to confirm to the press that there was a criminal referral (Hanson (1) pg. 85.

Para. 7. Revise to " Devore stated that the purpose of the WH meeting was to advise the WH of Gerth's inquiry. (Devore, pgs 16-17)".

Para. 8. Add Hanson's statement that it seemed clear to her that the existence of the referrals was already in the hands of the press. (Hanson (1) pg. 81)

After para. 8. Add Hanson's statement that she attempted to find out what TRS IG policy was but DeVore confirmed the referrals before she completed the effort. (Hanson(1) pg. 86.

After para. 9. Add Hanson reported she had a vague recollection that there was a discussion relating to checks but she didn't know anything about any checks. (Hanson (1) pg. 106.

Page 8

Para. 1, fourth line. Add the word "to" between prior and her.

Para. 2, end of 3d line delete "criminal referrals and" replace them with "the criminal referrals."

Para. 4, add "Gerth's mention of" before "the criminal referrals"

Para. 6 revise 3rd line to read "he shared a legal opinion on the nine criminal matters." JB states that he doesn't recall seeing the memo (Bowman, pg. 11).

Page 9

[The leap from 10/31/93 to 2/1/94 looks strange. Is there anything relevant to discuss in that time period?]

Para. 2. Second line, after word appropriate add "and Mr. Altman told Secretary Bentsen that he thought he would". Revise cite to pg.152-154.

Para. 5. Add at end "and that he wanted to tell the WH

Page 10

Para 1. Add at end "but he believes he did not."

~~Para. 6. Add (Foreman pg. 17) to cite.~~

~~Para. 7. Change cite to pgs. 13-22.~~

Para. 7. Add at end of second sentence: "but cautioned that last bullet about recusal shouldn't be included if RA had not decided ~~whether or not~~ to recuse himself."

Page 11

Para. 1. Strike last 4 lines and replace with "said that he had been advised to recuse himself and that he intended to take that advice." Revise cite to pgs. 39-40

Para. 2. Fifth line, after Congress add "and the media," ~~Last line strike "the" before WH and add "functions" after WH.~~

Para. 3. 7th line, ~~revise~~ to read "Nussbaum says his state of mind was that " Strike "was concerned that"

Para. 3. [or after] add: Ms. Hanson recalled that Mr. Nussbaum said that if RA were to stay in the process and not recuse himself there would be discipline ~~imposed on the process~~ to produce a thorough and fair result and that Ms. Williams asked if the investigation could be completed by the end of February. (Hanson (1) pg. 174)

Page 12

Para. 3. Revise to read "Hanson said that Altman called her on the morning of the 3d and stated that he had decided ...

Para. 7. Delete first sentence. Revise 2d and 3d(now 1st and 2d) sentenced to read "Williams stated that the meeting was on her calendar so she attended. She stated that at the meeting RA discussed ~~the statute of limitations issue and~~ his recusal.

Para. 9 add "probably" before subsequently on 1st line.

Para. 8 change ~~[illegible]~~ the date in the first sentence from "10/14/93" to "2/2/94".

Page 13

Para. 1. After ~~semi~~, delete "(2) the concern for independent investigation and "

Para. 2. Last sentence does not refer to document discussed

in first sentence but rather to the Leach 3 page letter with the 14 page attachment -- suggest delete and change cite to pg.9.

Para. 6. Revise cite to pgs. 63-64.

Page 14

Para. 7. Revise cite to pgs. 20-21

Para. 8. Second line, after discussed, add ",among other things, "

Para. 9 Lines 4 and 5, delete "my general opinion at that time was"

Page 15

Para. 1. Line 5 after "matter" delete "who in turn contacted RTC to determine how Stephens had been hired and add "and then relayed that information back to either Podesta or Steiner." Revise cite to pgs. 56-57. Add last sentence: "Ms. Hanson stated that she was asked by Mr. Altman directly or through Steiner to call Ellen Kulka and find out how Stephens had been hired; she was certain that she knew the process but called and had confirmed that he was hired through the normal RTC legal contracting process." (Hanson (2) pgs. 18-19)

Para. 3. Second line, delete "may be" and replace with "was considering"

Para. 4. Line 3 Revise to read "that Altman should not be quite so definitive about announcing his" Line 4, after CEO add "at the end of his term but it was his decision."

Para. 6. Line 3 after "would" and "announce that he would"

Page 16

Para. 2. Revise cite to pg 70-71

Para. 5. Revise to read Eggleston stated that he called Hanson to ask it were true that Jay Stephens was a lawyer at Pillsbury and she did not answer the question."

Para. 6. Revise cite to pg. 18.

Para. 7. Revise cite to pgs 58-62

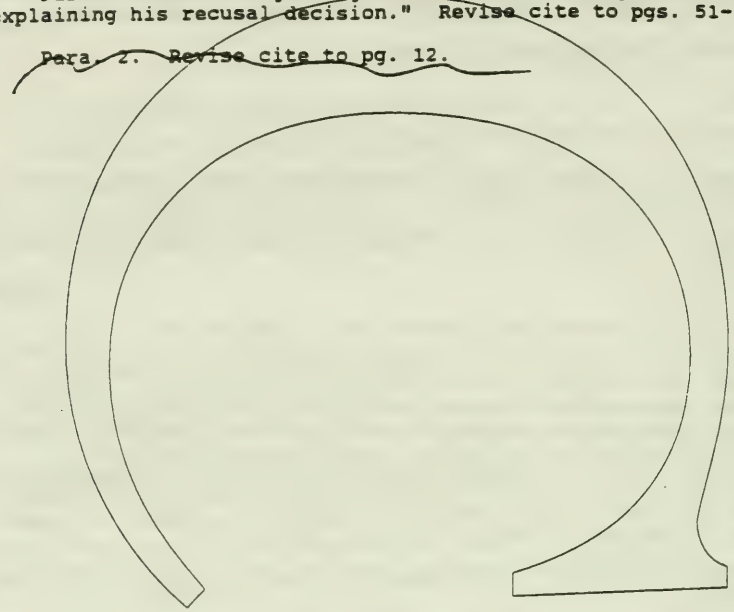
Para. 8. Revise cite to pg. 8

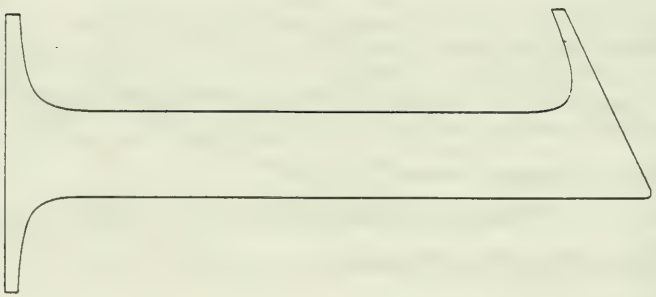
Page 17

014937

Para. 1 delete "regarding the recusal" and replace with "explaining his recusal decision." Revise cite to pgs. 51-52.

Para. 2. Revise cite to pg. 12.





014938

CONFIDENTIAL

CONFIDENTIAL

I N T E R O F F I C E M E M O R A N D U M

Date: 18-Jul-1994 08:33pm EST
From: Francine Kerner
KERNER
Dept: COUNSEL
Tel No: (202) 622-1090

TO: James Cottos (COTTOS)

CC: Raisa Cesario (CESARIO)
CC: Robert Cesca (CESCA)

Subject: McClarty Interview/White House

McClarty's secretary called to say he needs to be somewhere else at 6:15pm and needed to see us at 5:00pm. I said, "OK." Not much else to say.

Also, Jana Sherburne says she would like to see our transcripts to see whether there are inconsistencies with White House interviews. She would tell us where significant inconsistencies, if any, exist between our transcripts and their interviews. What do you think?

Francine

365

[redacted]

[redacted]

MARY #24

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 23, 1994

BY HAND

Jane Sherburn, Esquire
Office of the White House Counsel
The White House
Washington, D.C.

Dear Jane:

Enclosed are copies of the transcripts of all but one of the interviews conducted by the Treasury Inspector General as part of his investigation into contacts between Treasury and White House officials concerning Madison Guaranty. We have not yet received the transcript of the interview of Mr. McLarty.

As we discussed, these transcripts are being provided to you solely to assist you in the preparation for Mr. Cutler's testimony before the House and Senate Banking Committee hearings. You have agreed that the transcripts we are providing to you with this letter will not be disclosed publicly or shown to individuals (other than Mr. Cutler) who may be called as witnesses by either Committee until such time as we advise you that this restriction is no longer necessary. Similarly, you have agreed not to disclose these transcripts to counsel for any such individuals. Please let me know immediately if my understanding of our agreement is not correct.

Sincerely,

Stephen J. McHale
Deputy Assistant General Counsel
(Administrative & General Law)

4TH STORY of Level 1 printed in FULL format.

Copyright 1995 Associated Press
AP Online

May 05, 1995; Friday 03:58 Eastern Time

SECTION: Domestic, non-Washington, general news item

LENGTH: 577 words

HEADLINE: AP Top News At 4 a.m. EDT Friday, May 5, 1995

BYLINE: ANASTASIA BENSHOFF

BODY:

BOMB SEARCH

OKLAHOMA CITY (AP)

The search for bodies in the bombed-out federal building was halted early Friday as firefighters found the remains of all but two of the victims, Assistant Fire Chief Jon Hansen said. The grim discovery in the last 6-foot pile of rubble brought the death toll to 165. Hansen said the missing bodies were those of two adults. Among the sets of about 20 remains uncovered late Thursday were those of the last three children unaccounted for in the April 19 terrorist bombing.

WHITEWATER

WASHINGTON (AP)

Bruce Lindsey, a White House lawyer and one of President Clinton's closest advisers, is reportedly a target of the Whitewater investigation. Sources said prosecutors are looking at whether Lindsey tried to conceal bank withdrawals by the 1990 Clinton gubernatorial campaign, when he was its treasurer. A presidential spokesman says Clinton is convinced Lindsey ''did nothing wrong.''

O.J. SIMPSON

LOS ANGELES (AP)

DNA tests suggest that blood under Nicole Brown Simpson's fingernails was hers, a police chemist testified, puncturing a defense theory that she clawed a mysterious killer. A preliminary test showed the blood didn't match either O.J. Simpson's or the victims', and the defense seized on that to bolster its theory that someone other than Simpson killed his ex-wife and her friend.

BRITAIN ELECTIONS

LONDON (AP)

John Major's governing Conservative Party has been nearly obliterated in local elections, reduced to controlling a handful of town halls in England and routed in Wales. The left-of-center Labor Party had its best showing in 30 years, winning nearly 50 percent of the vote in Thursday's local elections, which were the Conservatives' worst electoral disaster ever.

SURGEON GENERAL

WASHINGTON (AP)

Senate Democrats are increasingly upbeat about winning the confirmation battle for Dr. Henry Foster as surgeon general if they can just get a floor vote. But Senate Majority Leader Bob Dole, R-Kan., has said he may not call up the nomination for a vote.

ECONOMY

WASHINGTON (AP)

With most signs pointing to a softening economy, analysts and financial markets are anticipating that the job market will start to slow down. But some analysts say there is a chance of surprising payroll growth that would cast doubt on the widely held belief the economy has begun a hoped-for soft landing a slowdown without a recession. The Labor Department will announce April employment figures Friday.

MARKETS

TOKYO (AP)

Stock, foreign exchange and other financial markets in Japan were closed Friday for a national holiday. They resume full activity Monday.

WINE BENEFITS

LONDON (AP)

While drinking alcohol might make you live longer, wine works better than hard liquor, a new Danish study suggests. The 10-year study of 13,285 men and women found people who drank three to five glasses of wine a day lived longer than those who abstained. Hard liquor-drinkers died sooner, and beer had no impact. The findings are to be published in Saturday's issue of The British Medical Journal. But it still isn't clear that the benefits outweigh the risks.

SPORTS

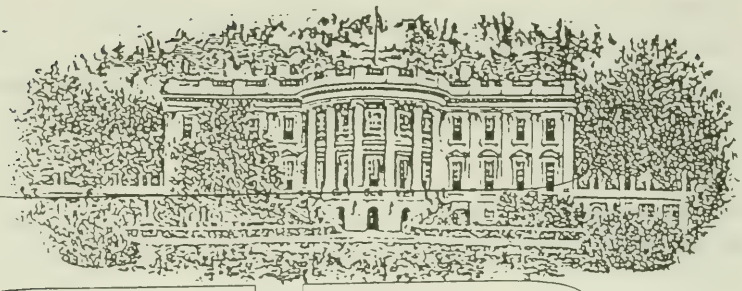
INGLEWOOD, Calif. (AP)

Nick Van Exel scored 34 points and Vlade Divac added 23 as the Los Angeles Lakers defeated Seattle 114-110 Thursday night to win the best-of-5 series 3-1 and make the SuperSonics first-round playoff failures for the second year in a row.

LANGUAGE: ENGLISH

LOAD-DATE: May 05, 1995

The White House



COUNSEL'S OFFICE

FACSIMILE TRANSMISSION COVER SHEET

DATE: 7-27-94

TO: Bill Taylor

FACSIMILE NUMBER: 822-8106

TELEPHONE NUMBER: 778-1810

FROM: Sharon Carnahan

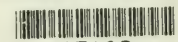
TELEPHONE NUMBER: 456-5092

PAGES (WITH COVER): 4

COMMENTS: RTC will not release transcripts before tomorrow, but I am able to send you this IG summary for your Pat to see, but not public.)

PLEASE DELIVER AS SOON AS POSSIBLE

The document(s) accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited. If you have received this information in error, please immediately notify the sender at their telephone number stated above.



S 007108

3. The White House should say as little and produce as few documents as possible to the press. Statements and documents likely will be incomplete or inconclusive, and could just fuel the fires.

4. The White House should ensure that what statements it does make are consistent and coordinated. Erroneous or conflicting statements could be disastrous; the Nixon White House brought huge trouble upon itself by issuing inaccurate, inconsistent statements about Watergate. The Washington Times in particular has been dissecting current White House communications.

5. Responses to official inquiries -- both written and oral -- must be carefully made. Even oral misstatements could result in investigations and sanctions. Moreover, the Department of Justice, FBI and Park Police all leak unconscionably (and already have as to these matters), and some officials obviously are inclined to attack the White House's handling of the inquiries.

6. The White House should not forget that attorney-client and executive privileges are legitimate doctrines in proper contexts. While the on-going release of Whitewater documents to Justice seems appropriate, Bernie initially acted properly in protecting the contents of Vince's files.

7. If politically possible, Janet Reno should stick to her guns in not appointing an independent counsel for Whitewater. An independent counsel -- who might pursue his or her self-aggrandizement rather than the truth -- is a recipe for trouble.

8. The White House must let Justice do its investigation without interference. Any hint of attempts at interdiction or manipulation would raise the spectre of Watergate.

9. The White House also should avoid any future contacts with subjects of the investigation that might provoke cover-up allegations.

10. You should continue to demonstrate that you are engaged fully in the business of running the government and not distracted by these side shows. If the press senses concern, its efforts redouble.

11. Because you will continue to receive reporter questions about these matters, I respectfully suggest that you always be prepared personally with a response to the issues of the day. I expect that "no further comment" often will suffice.

LAW OFFICES
WILLIAMS & CONNOLLY
725 TWELFTH STREET N W
WASHINGTON, D C 20005
(202) 434-5000
FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R CONNOLLY (1922-1978)

DAVID E KENDALL
(202) 434-5145

January 5, 1996

Robert J. Giuffra, Jr., Esq.
Chief Counsel
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Attn: Mr. Joseph Kolinski, Chief Clerk
Washington, D.C. 20510-6075

By hand

Dear Bob:

I am herewith making a supplemental production of documents to the Whitewater Committee. I enclose documents which we have stamped DKSN028928 to DKSN029043. These documents were discovered yesterday by Ms. Carolyn Huber, Special Assistant to the President/Special Director of Correspondence. The documents appear to be copies of Rose Law Firm billing records for the firm's Madison Guaranty representation in the mid-1980's. From the run date on the Client Billing & Payment History (February 12, 1992), the copies appear to have been collected early in the 1992 Presidential campaign. Upon review, it is clear that these records confirm our earlier statements about the nature and amount of Mrs. Clinton's work on this representation, but I am pleased that the Committee can review them and resolve any questions about Mrs. Clinton's work for itself.

We are producing copies of the documents Ms. Huber discovered -- the originals have been furnished to the Independent Counsel.

Sincerely,

David E. Kendall

Enclosures
cc: Lance Cole, Esq.
DEK/bb

Response of Rose Law Firm to Interrogatory Propounded by the Special Committee to Investigate Whitewater Development Corporation and Related Matters

Interrogatory:

Please list every person who had access to, or had knowledge of, Rose Law Firm files entitled "A3530.1 Madison Guaranty Ltd. Ptnshp Application/Brokerage Activities; A3530.2 Madison Guaranty-Net Worth-(1985) Preferred Stock Offering; and A3530.3 Madison Guaranty Preferred Stock Offering (Corporate)" or any other files, including time sheets and billing records, related to work performed by the Rose Law Firm on behalf of Madison Guaranty Savings & Loan prior to November 22, 1993.

Response:

Rose Law Firm ("Rose") has produced the files identified above to the Committee. They bear the following production numbers:

File Name	Production Numbers
A3530.1 Madison Guaranty Ltd. Ptnshp Application/Brokerage Activities	RS 000382 - RS 000642
A3530.2 Madison Guaranty-Net Worth- (1985) Preferred Stock Offering	RS 000643 - RS 000674
A3530.3 Madison Guaranty Preferred Stock Offering (Corporate)	RS 000675 - RS 000722

In addition Rose has produced all of the accounting records, billing records and timesheets relating to Madison Guaranty that are still in existence at the firm after nearly eleven years.

Rose cannot be sure of the names of all persons who had access to or knowledge of files relating to Madison Guaranty prior to November 22, 1993. The files listed above were created by Richard Massey of Rose, and he and his secretary had access to them. At some

point, those files were sent to Rose's remote storage warehouse, where Rose's storage file clerks had knowledge of and access to them. While in the remote storage facility, any of Rose's attorneys or administrators theoretically had the ability to retrieve them. In early 1992, Mr. Massey gave the files or copies of them to Vincent Foster. The original files were removed from Rose, although Rose does not know when they were removed, who removed them or who had access to them while they were outside the firm. Rose understands that Mr. Hubbell possessed those files in 1993 and delivered them to David Kendall. Mr. Kendall sent them to Rose on November 22, 1993, and Rose carefully preserved the files thereafter.

In addition, Rose attorneys Richard Donovan and Herbert Rule had files relating to their work for Madison Guaranty. Those attorneys and their secretaries had knowledge of and access to their files when they were active matters. Rose believes that Mr. Rule's original files were returned to the client in 1986. The remaining files were sent to the remote storage warehouse where Rose storage file clerks would have had knowledge of and access to them. As with Mr. Massey's files, theoretically any Rose attorney or administrator had the ability to retrieve them. Those files also have been produced to the Committee, and they are numbered RS 000001 to RS 000161 and RS 000184 to RS 000199.

With respect to timesheets, the practice varies from attorney to attorney. In 1985-1986, the attorneys and/or their secretaries submitted typewritten timesheets to the firm's accounting department, which keyed the information into the accounting computer. The accounting department did not retain the typed timesheets, primarily because the billing memorandum was the firm's listing of contemporaneous time entries. Each attorney

decided whether to retain a copy of his or her timesheets for his or her own files. Likewise, each attorney could decide how long to keep his or her own timesheets. Of those attorneys who kept timesheets, some would keep copies in their files near their office, while others sent old timesheets to the remote warehouse. The length of time that timesheets were kept varied among the attorneys. In addition, the firm consistently encourages attorneys to review their lists of files in the remote storage facility to identify files that are unneeded and can be discarded. For example, a concerted effort to eliminate unnecessary files was undertaken during the summer of 1988.

Rose has produced to the Committee the timesheets of Thomas Thrash, Davis Thomas, Richard Donovan and Rebecca Arnold, which are the only timesheets relating to Madison Guaranty that are still in existence after nearly eleven years. Rose has not located timesheets for other attorneys who worked on matters for Madison Guaranty, including Mrs. Clinton. Rose believes that Mrs. Clinton's timesheets from 1985-1986 probably were discarded in 1988 as part of the concerted effort made by the firm to reduce the costs of keeping unneeded documents. (See Document No. RS 002372A)

With respect to other billing records, the billing records for each fiscal year are kept in Rose's accounting department during that fiscal year. Sometime after the end of each fiscal year, the firm's billing records are boxed and sent to the remote storage warehouse. Rose's accounting staff has knowledge of and access to those records. Theoretically, any attorney in the firm also could ask to review any of the bills in the possession of the accounting department. In 1989 or 1990, a Rose partner working on the Frost litigation retrieved the billing records for the firm's prior work for Madison Guaranty when he

learned during the Frost litigation that the firm previously had represented Madison Guaranty. He brought the matter to Mr. Hubbell's attention and gave Mr. Hubbell the billing records. The Rose partner was assured by Mr. Hubbell a few days later that the prior representation had been disclosed to the RTC. Rose does not know what Mr. Hubbell did with the records. It is Rose's understanding that Mr. Hubbell and/or Mr. Foster reviewed the billing records for Madison Guaranty in approximately February 1992, but none of the attorneys or employees presently at Rose has any personal knowledge about those events. Both before and after that time, Rose's accounting department made a concerted effort to discard old, unnecessary records, and Rose believes that most of its records from 1985 were discarded.

I have reviewed the answer set forth above and it is true and correct to the best of my knowledge based on my personal knowledge and information provided to me.

Ronald M. Clark

Subscribed and sworn to before me on this the 17th day of January, 1996.

Notary Public

My commission expires: January 14, 1997

TO: Wilhelm/Lindsey March 18, 1992

FROM: Loretta Lynch and Diane Blair

RE: Questions to be Answered

There are priority questions which we have exhausted other avenues of inquiry on. Despite considerable effort by the defense team and exhaustive review of documents available to us, questions remain that simply must be answered by Hillary and Bill themselves.

1. Did Bill Clinton solicit a retainer agreement for the Rose Law Firm from Jim McDougal? If so, when did that happen and what were its terms? Who, other than Jim and Susan were privy to that discussion?

2. Was there a time when Bill did encourage people to give Hillary legal business? If so when, who did he encourage, and who might confirm that to the press?

3. Why did BC take out a 8K loan from the Bank of Cherry Valley? Was it related to WWDC? In what way?

4. Why did BC write a $20,744 check to Madison Bank on 2/2/82? How was it related to WWDC?

5. Did they ever ask the McDs any questions about the management of the property?

6. Is there some reason (other than McDougal's express request) to explain the appointment of John Latham, Madison Guaranty S&L's CEO, to the S&L Board in 1985?

7. When was the Rose Law Firm put on retainer by McD and for what business (LL has asked Webb Hubbell this question numerous times. The answer continues to change, despite the repeated press inquiries on this exact point).

RELATED TO THE DEMISE OF THE MADISON GUARANTY S&L . . .IN 1986 FEDERAL HOME LOAN BANK EXAMINERS BEGAN AN EXAMINATION OF MADISON GUARANTY'S RECORDS. BY THAT TIME, MCDOUGAL WAS NOT AN OFFICER OF THE S&L; HE WAS PRESIDENT OF MADISON DEVELOPMENT -- ONE OF THREE INDEPENDENT SUBSIDIARIES OF MADISON GUARANTY. . . . IT WAS NOT UNTIL A FULL AUDIT WAS CONDUCTED IN 1986 THAT THE S&L WAS DETERMINED BY FEDERAL BANK EXAMINERS TO BE INSOLVENT FOR INSUFFICIENT CAPITAL -- PRIMARILY BECAUSE DURING THE 1986 AUDIT FEDERAL EXAMINERS DEVALUED A NUMBER OF ASSETS ON THE BOOKS OF MADISON GUARANTY. THIS AUDIT HAD NOTHING TO DO WITH THE STATE'S SECURITIES COMMISSION OR ITS COMMISSIONER, BEVERLY BASSETT.

5. "The new commissioner approved two novel proposals to help keep the savings and loan alive that were offered by Hillary Clinton, Gov. Clinton's wife and a lawyer. She and her firm had been retained to represent the savings institution."

THE ROSE LAW FIRM (OF WHICH HILLARY CLINTON IS A PARTNER) WAS RETAINED TO REPRESENT MADISON GUARANTY. THE BUSINESS WAS BROUGHT TO THE FIRM NOT BY HILLARY CLINTON, BUT BY RICHARD MASSEY, LONG-TIME FRIEND OF JOHN LATHAM, MADISON'S CEO. HILLARY CLINTON DID NOT INTERVENE OR ATTEMPT TO INFLUENCE ANY MATTER CONCERNING MADISON GUARANTY WITH THE STATE SECURITIES COMMISSION OR ANY OTHER STATE REGULATOR. RICK MASSEY, NOT HILLARY CLINTON, WAS THE ROSE FIRM'S LAWYER WHO MET WITH STATE REGULATORS TO DISCUSS PROCEDURES TO IMPROVE THE S&L'S FINANCIAL RESERVES, PROCEDURES THAT WERE BEING USED BY THE FEDERAL GOVERNMENT TO STABILIZE FEDERAL S&LS AT THE TIME THEY WERE PROPOSED BY MASSEY.

THE STEPS TAKEN TO ENHANCE MADISON'S FINANCIAL POSITION WERE IN LINE WITH OTHER STATE AND FEDERAL ACTIONS IN OTHER CASES. **NO PREFERENTIAL TREATMENT WAS GIVEN TO MADISON, AND THE ARKANSAS S&L ADMINISTRATOR HAS SINCE ALLOWED OTHER S&LS TO ISSUE PREFERRED STOCK IN ORDER TO ENHANCE THEIR CAPITAL RESERVES, JUST AS RICK MASSEY HAD PROPOSED IN 1985.**

MR. MCDOUGAL'S LAWYER, SAM HEUER, CONFIRMS THAT BEVERLY BASSETT'S APPOINTMENT HAD NOTHING TO DO WITH AND COULD NOT HAVE BEEN RELATED TO THE DEMISE OF MCDOUGAL'S S&L. MR. HEUER FURTHER CONFIRMS STATEMENTS GIVEN TO THE TIMES BY BASSETT TWO WEEKS AGO THAT "IT WAS NOT UNTIL A FULL AUDIT WAS CONDUCTED IN 1986 THAT THE S&L WAS DETERMINED BY FEDERAL BANK EXAMINERS TO BE INSOLVENT FOR INSUFFICIENT ASSETS."

THE PRIMARY JOB OF THE STATE SECURITIES COMMISSIONER IS NOT TO REGULATE THE S&LS, WHICH MUST ABIDE BY THE FINANCIAL REQUIREMENTS SET BY THE FEDERAL GOVERNMENT. THE PRIMARY PURPOSE OF THE STATE SECURITIES DEPARTMENT IS TO OVERSEE AND ENFORCE STATE REQUIREMENTS REGARDING THE INTRA-STATE TRADING AND ISSUANCE OF SECURITIES.

DKSN028065

He said he had had a Stroke — That
90% of his Carotid Artery was blocked — he had
had Surgery — he was he Thought Miraculously
Recovered

I Gently Asked him about the Prozac. He said
He was taking it — he wished he had ~~[illegible]~~ it available
in his 20's — I asked if he was Taking Lithium Too
he said yes. He said All the Males on
his Mothers Side were Alcoholics and All the Males on
his Fathers side were Manic-depressives and he was both.

He Told Stories of eccentric behavior of his Grandfather

He Said IF Bill Clinton Told McD's mother he might
Find him a Job of course She Told everyone in the
Church and gossiped about it it was impossible to
deny it

He said the Reason ~~[illegible]~~ that Lot #18 was
put in Hillary's name ~~[illegible]~~ and the House
put on the Lot was a Sales Gimmic so Cals wife
Could say the Corporation has a house here. He
Said Bill and Hillary never understood anything about
WWDC and how the development worked or was doing
That? When he Stopped by the Mansion To discuss
it Bill C's eyes would Glaze over

He Said he Remembered explicitly That in 1984
He had a new Leather Contour Chair — Bill C came
Jogging by and came in and laid down in the Chair
and his sweaty body left a permanent Stain
He Claimed That Bill Said they needed money + that
McD needed to give Hillary some Legal work — he said
he Thought one Lawyer could Screw up deals as Good as Another

1ST STORY of Level 1 printed in FULL format.

Copyright 1993 The Times Mirror Company
Los Angeles Times

November 7, 1993, Sunday, Home Edition

SECTION: Part A; Page 17; Column 1; National Desk

LENGTH: 1909 words

HEADLINE: FALLOUT FROM COLLAPSE OF S&L SHADOWS CLINTON;
INQUIRY: TWO TARGETS OF CRIMINAL PROBES CHARGE THAT THE THEN-GOVERNOR HAD A ROLE IN THE DEBACLE. THE WHITE HOUSE STRONGLY DISPUTES THE ALLEGATIONS.

BYLINE: By WILLIAM C. REMPEL and DOUGLAS FRANTZ, TIMES STAFF WRITERS

DATELINE: LITTLE ROCK, Ark.

BODY:
The 1989 failure of a small Arkansas savings and loan has triggered criminal probes targeting some of President Clinton's oldest friends and political allies, compelling the President repeatedly to deny allegations that he had a role in the debacle.

One of those longtime Clinton associates is James B. McDougal, former owner of the ill-fated Madison Guaranty Savings & Loan, who told The Times that he hired the then-governor's wife, attorney Hillary Rodham Clinton, in 1984 because Clinton said his family needed financial help.

David Hale, another longtime political supporter and former Clinton-appointed judge who is currently under federal indictment for loan fraud, said he made a $300,000 loan to McDougal's wife in 1986 after Clinton personally asked him to help.

That loan, backed by the Small Business Administration that subsidized Hale's investment company, was never repaid.

McDougal has acknowledged that $110,000 of that SBA-backed loan was invested in an Ozarks real estate venture in which the Clintons were half-owners.

Both claims -- that the governor lobbied the ailing thrift to hire his wife and that he urged Hale to loan money that went into a Clinton-owned business -- have been strongly disputed by the White House. Clinton told reporters last week that he and his wife had done nothing improper.

But such allegations, raising questions about possible conflicts of interest and abuse of office by the then-governor of Arkansas, continue to be nettlesome because they are coming not from Clinton's critics but from some of his oldest friends and supporters.

Take, for example, the story behind Hillary Clinton's legal retainer.

The matter first became an issue during last year's presidential campaign when it was disclosed that Hillary Clinton had represented the savings and loan in an appeal for favorable action by the state securities commissioner, an appointee of her husband, the governor.

What had not been previously reported was McDougal's explanation for hiring the governor's wife. He provided this account in a recent interview with The Times:

Early one morning about nine years ago, McDougal answered a knock at his office door from a winded and sweating Clinton, out on one of his morning jogs. Clinton was then struggling to retire campaign debts and to make ends meet on his $35,000-a-year salary. The governor expressed concern about his family's financial condition and told McDougal that "things were tight," requesting that the savings and loan send some business to Hillary Clinton through her law firm.

"I asked him how much he needed, and Clinton said 'about $2,000 a month' " McDougal said. Later that day, the Madison Guaranty owner said, he directed an S&L executive to immediately put Hillary Clinton's Rose Law Firm on retainer for that amount.

"I hired Hillary because Bill came in whimpering they needed help," McDougal told The Times. He said he had no specific legal work in mind when he hired Hillary Clinton.

McDougal said he recalled the event vividly because he was so uncomfortable in the meeting -- not over the retainer issue, but because throughout that morning conference, Clinton sat sweating in McDougal's new leather desk chair, an expensive gift from his wife.

There is no dispute that Hillary Clinton subsequently went on retainer for Madison Guaranty at $2,000 a month. But White House Press Secretary Dee Dee Myers said Clinton never sought business for his wife.

"The President had nothing to do with it," Myers said. "He never solicited business for the Rose Law Firm or his wife. This never happened."

McDougal, who was acquitted in 1990 of loan fraud charges stemming from his S&L's collapse, acknowledged that he is the subject of a renewed criminal investigation into other aspects of the thrift's failure.

But White House efforts to discredit McDougal pose something of a dilemma since he was once a close friend and business partner of Clinton. It was their business arrangement that first brought Clinton some political embarrassment.

Early in the 1992 presidential campaign, the New York Times disclosed their partnership in a speculative land venture called Whitewater Development. The Clintons and McDougals shared 50-50 interest in the Ozarks project from 1978 until the very eve of the presidential inauguration.

The Clintons reportedly lost money in the deal. However, the press account questioned whether the governor should have been in any kind of business relationship with the owner of a state-regulated savings and loan.

Compounding concerns about such potential conflicts of interest was the disclosure that Hillary Clinton, while on retainer to Madison Guaranty, had represented the S&L in its appeal to the state securities commissioner.

Last week, the Washington Post reported that federal investigators are trying to determine whether McDougal may have improperly used Madison Guaranty funds

to help Clinton retire his 1984 campaign debt.

In April, 1985, the S&L hosted a fund-raiser at its Main Street office to raise $35,000 for Clinton. Investigators suspect that $12,000 of that money may have come from overdrafts at the faltering financial institution. At the time, McDougal was trying to get state approval to raise new capital for the savings and loan through various unconventional means.

That approval later was granted after an exchange of correspondence between the newly appointed state securities commissioner and the Rose Law Firm, one of which was addressed to "Dear Hillary."

Hillary Clinton has said she did only minimal work on the appeal and that there was no conflict of interest involved. Beverly Bassett Schaffer, the Clinton-appointed securities commissioner, said in an interview that Hillary Clinton's role did not influence her approval of the appeal.

Ultimately, the state-approved capitalization plans were not implemented, in part because Madison Guaranty's financial condition deteriorated too rapidly.

Meanwhile, during the same period that Madison Guaranty was helping Clinton raise campaign money and paying a legal retainer to the governor's wife, the state sent some business Madison Guaranty's way as well. A state of Arkansas revenue office rented a vacant building controlled by the S&L. McDougal, according to published accounts, said Clinton had helped him get the contract.

By early 1986, however, the condition of Madison Guaranty was sufficiently perilous that McDougal and others were especially concerned about a pending federal examination of their books and records.

McDougal denied knowledge that his S&L was in trouble, but a previous bank examination in 1984 had already cited Madison Guaranty's extensive real estate loans to entities controlled by McDougal and his associates.

Examiners warned that the "viability of the institution is jeopardized through (its) current investment and lending practices in real estate development projects."

Records show that McDougal had invested heavily in a number of real estate development deals, some of them with politically prominent people. Those loans and investments would result in another scathing bank examination report in 1986.

It was in anticipation of such criticism, Hale said, that McDougal asked him for help. It also is the origin of another disputed link between the failing S&L and Clinton.

In a series of interviews, Hale provided this account:

It was around February, 1986, when he was called to a meeting with Clinton in one of McDougal's real estate development offices on the outskirts of Little Rock.

At the time, Hale operated a family investment firm called Capital-Management Services, which loaned out venture capital to minority and disadvantaged

borrowers and which was subsidized by the SBA. According to Hale, McDougal had previously asked him to help clear up some potentially troublesome obligations involving "the political family" on the Madison Guaranty books. He said he came to learn that the family included Clinton, although he did not know details of the governor's involvement with McDougal or the S&L.

On one occasion, when Hale happened to be waiting for a ride on the steps of the state Capitol as Clinton passed, he said the governor approached and asked if Hale was going to be able to "help Jim and me out."

Hale was a prominent Arkansas Democrat, and he and his family were longtime political supporters of Clinton. When the governor created the state's first municipal small claims court, he named Hale as its first judge. By early 1986, Hale was running the biggest court in the state.

"I knew I had to help. There never was any question," Hale said.

At the February meeting with Clinton and McDougal, Hale said discussions centered on how to structure a $150,000 loan using Hale's SBA-backed fund.

"Bill said they could use some raw land in the Ozarks as collateral, but that his name couldn't appear on any of the documents," Hale said, noting that he declined the offer of raw land as security since the SBA did not consider it reliable collateral.

They agreed, Hale said, to make the loan in the name of Susan McDougal, the Madison Guaranty owner's wife. Hale said that some days after the meeting with Clinton, McDougal asked Hale to raise the loan amount to $300,000. The increase was not discussed with Clinton, he said.

The White House said last week that Clinton had no recollection of any meeting with Hale about a loan. McDougal also said the meeting never occurred.

However, not in dispute is the fact that Hale did make a $300,000 loan to Susan McDougal, doing business as Master Marketing. What happened to most of the money remains a mystery.

According to McDougal and documents, $110,000 of that loan went toward a down payment on land for the Clinton-McDougal Whitewater Development project. McDougal said he made that investment without consulting the Clintons and the land was later lost to foreclosure.

The $300,000 loan to Susan McDougal, now divorced from the former thrift owner, also went into default, contributing to a financial crisis in Hale's SBA-backed fund that he contends led to his current legal problems. In July, he was indicted on three counts of loan fraud unrelated to the McDougal transaction and immediately resigned from the bench. He remains under investigation.

While it has been more than four years since Madison Guaranty failed, costing U.S. taxpayers about $47 million, criminal investigations arising from the failure continue. In recent weeks, sources say, federal regulators have asked U.S. Atty. Paula Casey, also a Clinton appointee, to investigate several other transactions at Madison Guaranty. As a result, McDougal -- like Hale -- remains under a cloud.

White House officials point to the criminal charges pending against Hale and the potential charges against McDougal as evidence that their stories about Clinton are not to be believed. Nonetheless, the Administration has been unable to quiet the controversy.

Last week, Sen. Lauch Faircloth (R-N.C.) asked Atty. Gen. Janet Reno to appoint an independent counsel to look into the finances of Whitewater Development. Reno declined, saying the Justice Department can handle any necessary inquiry.

On Thursday, Rep. John J. LaFalce (D-N.Y.), chairman of the House Small Business Committee, asked the SBA inspector general to investigate Hale's $300,000 loan to Susan McDougal, including the $110,000 diversion to the Ozark property development.

GRAPHIC: Photo, James B. McDougal Associated Press

LANGUAGE: ENGLISH

MINUTES OF MADISON BANK AND TRUST
BOARD MEETING

The regular board meeting of Madison Bank and Trust met Tuesday, November 27, 1984 at the Madison County Telephone office at 6:00 PM. All members were present, and Chairman McDougal announced a quorum was present and called the meeting to order.

The first order of business was the discussion of the Auditor's Report and Management Letter. The Payroll Procedures and the Incomplete Loan Accounts were discussed. It was suggested that the accountant instruct bank personnel in a method that would more accurately reflect withholding at each pay period.

The bond was discussed. The high rate was of concern to the members. The Board instructed President Bunch to send a letter to State Bank Commissioner to determine another possible course of action.

The FDIC Report of Examination of August 24, 1984 was discussed. This report was discussed at board meeting in September in Fayetteville. Report again reviewed and discussed. Letter from Mr. Halvorson was made part of minutes on motion by Austin Smith, seconded by Julie Baldridge. It was approved unanimously.

The minutes of the September meeting were read, reviewed, corrected, and approved unanimously. The loan portfolio was produced by Mr. Bunch, with trouble loans high-lighted, and reviewed by Board. With loan reserve ratio in mind, it was believed the reserve was adequate based on this.

The Daily Statement was read, reviewed, and approved unanimously. It was noted that earnings were $69,048 with a L/D Ratio of 51% and the Capital Ratio of 7.6%. The reduction in earnings was attribtued to heavy accounting fees for the audit and a payment of legal fees from 1983 lawsuit. President Bunch noted it was impossible that the Bank's Capital Account could be evaluated because the accrual system on CD's was not daily. Beginning now, we will move to find a method for daily accrual. It also was noted that a $225,000 CD was accepted

hornton requested letter in detail on Cease and Desist Compliance
ring the October board meeting.

lark stated his office is pleased with the progress made and
rages board to continue on with good work and to pursue all charge-
Mr. McDougal expressed thanks to examiners for courteous and
ent work. The examiners departed and the board meeting continued.

es were read, reviewed, and approved unanimously.

Statement read, reviewed, and approved unanimously. It was noted
arnings were at $59,861 with L/D ratio at 55%. Blanket bond
ised. The audit is completed. Mr. Samples moved and Mr. Vaughn
ded that Mr. Bunch have discretionary power to secure bond on time.
approved unanimously.

n moved, Mr. Bunch seconded that action to transfer $50,000 from
ded profits to surplus be rescinded. Adopted unanimously.

ans were discussed. [redacted] loan discussed. Directors asked
oser scrutiny on this loan.

e loans reviewed.
[redacted] house deeded to bank. Will list immediately for sale
at $40,000.
[redacted] - This may be problem. Total loan is $25,000 with
house worth in excess of $40,000 with first mortgage. At 45
days, it is to go to attorney. Divorce impending.
[redacted] - $5,000 in escrow for radio station. Mr. Bunch
will call Pat Demaree regarding when sale of radio station.
[redacted] - Ask for collateral first, then principal re-
duction. [redacted] on Huntsville Service & Supply note,
and this can bring pressure. Mr. Bunch will proceed on this order.
[redacted] - Working and will pay.
[redacted] - He has called and stated he needs more time.
[redacted] - Asked for renewal on loan for $31,500 with a $1,000
reduction in principal plus interest at prevailing rate. Julie
Baldridge moved, Easterling seconded that loan be renewed at
prevailing rate with a 1,000 reduction in principal plus interest.
It was approved unanimously.
[redacted] - Prosecuting attorney will be pursuing. Also will
ask bankruptcy court to declare this a "nondischargable" debt
to pursue at length.

w Firm - We owe $5,000 for Huntsville move appeal, according to firm.
iscussed the fact that new lawyer sent to argue case. Mr. Vaughn
Mr. McDougal seconded that Mr. Bunch will negotiate settlement with
m. Approved unanimously.

ugal suggested books be adjusted to monthly payouts for annual
rand to pursue Wonder State diligently. He also suggested that
on of capital reserve arrived at by next board meeting.

ing no further business, meeting was adjourned.

Douglas D. Bunch

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D. C.

IN THE MATTER OF:

MADISON GUARANTY SAVINGS AND LOAN ASSOCIATION
McCORY, ARKANSAS

INTERVIEW OF HILLARY RODHAM CLINTON

Washington, D. C.

Wednesday, February 14, 1996

ACE - FEDERAL REPORTERS, INC.
Stenotype Reporters
1120 G Street, NW
Washington, D.C. 20005
(202) 347-3700

NATIONWIDE COVERAGE

there any, other than small, change in your percentage interest in those years?

A Not that I recall.

Q Next, I'd like to ask you a little about how the Madison Guaranty work came to the Rose Law Firm in the spring of 1985. In particular, I'd like to ask you about the recent testimony of Mr. Massey before the Senate committee.

Have you had any occasion to see that testimony or review it or have it summarized to you?

A I have not seen or reviewed it. I have some general knowledge, mostly through press accounts of what he said.

Q Here I'm paraphrasing -- I'm certainly not quoting -- but as I read his testimony, he said that he had certainly talked with Mr. Latham about doing work for Madison, but it was not up to Mr. Latham to decide who would be hired. Mr. Massey said he hadn't met Mr. McDougal ever, and that Mr. Massey further said that he did not discuss fees or any sort of retainer arrangement with anyone at Madison.

And further, it was his recollection that

he did not ask you to be billing partner, nor did he raise the subject of fees or retainer with other members of the firm.

I'd like to ask you about your own recollection of how the client came in the door, how your recollections compare with those of Mr. Massey.

A Well, as I have said consistently since 1992 and again, in my answers to the RTC interrogatories, my recollection is that Mr. Massey wanted to do the work he had discussed with Mr. Latham, that some partners, I believe in the securities section, had advised Mr. Massey that they were not enthusiastic about undertaking representation on behalf of Jim McDougal and Madison because of some problems in having work paid for in the past, and that there were discussions among partners.

I believe it was Vince Foster who came to me, who said that Mr. Massey wanted to do this work, but the partners didn't want him to do it. We had a very high regard for Mr. Massey, who was quite an energetic and accomplished first-year associate,

already teaching a securities course at the law school and attracting people who wanted his advice, like Mr. Latham.

And I was asked, as someone who knew McDougal, if I could intervene and perhaps set up an opportunity for Mr. Massey to do this work. I agreed to do that -- obviously now, 10, 11 years later, much to my regret because of all the confusion and concern that has been raised by it.

So I talked with Mr. Massey about that work. Mr. Massey told me, as his testimony relates, that he had a talk with Mr. Latham, but it wasn't up to Mr. Latham, and he wasn't getting any support from others within the firm, and I told him I would talk to Mr. McDougal, which I did.

And as I recall, Mr. McDougal said well, if Latham wants him to do the work, that's fine. And because of the request of other partners in the firm, I advised Mr. McDougal that the work that Mr. Latham wanted Mr. Massey to do could not be done unless Madison entered into a retainer agreement with the Rose Firm that would be payments against which fees

and expenses could be billed on a monthly basis. Mr. McDougal agreed to that. I informed Mr. Massey. Mr. Massey undertook the work.

But it would not surprise me that Mr. Massey, as a first-year associate, would not have direct knowledge of conversations among partners and decisions concerning whether or not he could do the work under whatever circumstances.

Q You said you were asked to approach Mr. McDougal about the things you've described. Who asked you?

A I don't have a specific recollection. I believe it was Vince Foster, but I'm not positive about that.

Q Do you recall discussing this matter with partners other than Vince Foster?

A I believe I did, but I cannot recall which ones now.

Q Can you give me anymore specifics about the substance of those discussions with Mr. Foster or other partners about the advisability of taking on this work?

MR. KENDALL: And again, this is in addition to what the witness has already set forth in her interrogatory answer 17?

MR. ERICSON: Yes.

THE WITNESS: No. I have said the same thing for four years, and my recollection is clear that partners wanted to encourage Mr. Massey. He was a go-getter. He's an excellent lawyer. But they were somewhat hesitant because of our prior experience with Mr. McDougal, which is why the retainer agreement was worked out.

BY MR. ERICSON:

Q In the discussions you had with your partners, what did you say about Mr. McDougal and Madison Guaranty?

A Oh, I don't recall, Mr. Ericson.

(Discussion off the record.)

MR. KENDALL: Mr. Ericson, back on the record, if we may. I construed your earlier question about contacts with Mr. McDougal in the early '80s to be limited to litigation matters involving the Bank of Kingston or perhaps other matters and not

OFFICIAL RECORD OF INTERVIEW
OFFICE OF INVESTIGATIONS
OFFICE OF INSPECTOR GENERAL

FILE NUMBER: 1094-096

PARTICIPANTS: [redacted], Senior Special Agent, FDIC OIG [redacted] Senior Special Agent, FDIC OIG, Hillary Rodham Clinton, David E. Kendall, Esq.; Nicole Seligman, Esq.

DATE/TIME/LOCATION: November 10, 1994, 0930 to 1030; The Treaty Room, White House residence, 1600 Pennsylvania Avenue, Washington, D.C.

INTERVIEW CONDUCTED: XXXX In Person ___ By Phone ___

PURPOSE: To interview Mrs. Clinton regarding her former employment at the Rose Law Firm, Little Rock, Arkansas

RESULTS: The interview of Mrs. Clinton began after SSA [redacted] and [redacted] identified themselves orally and by displaying their credentials. At the outset of the interview, Mrs. Clinton declined to be placed under oath regarding the information to be discussed. It was also explained that the interview was intended to obtain clarification or supplemental information to a sworn affidavit Mrs. Clinton executed September 16, 1994. The affidavit was provided in response to a number of questions previously provided to Mrs. Clinton by the FDIC OIG.

Mrs. Clinton was asked when and under what circumstances she met Dan Lasater. Mrs. Clinton acknowledged having met Mr. Lasater on approximately two occasions but was uncertain as to the exact circumstances. She recalled that it may have been in conjunction with a school function involving her daughter Chelsea and one or more of Mr. Lasater's children who attended the same school in Little Rock. Mrs. Clinton indicated she had no professional or business relationship, including any legal representation at any time, of Mr. Lasater. She stated she had no way of knowing what, if any, relationship President Clinton may have or have had with Mr. Lasater.

Mrs. Clinton was asked regarding Mr. Lasater's private airplane and usage of that aircraft. She stated she never travelled on Mr. Lasater's airplane and had no knowledge of President Clinton having travelled on Mr. Lasater's plane. Mrs. Clinton was shown flight logs for Mr. Lasater's plane which included then Governor Clinton and others. Mrs. Clinton stated she had no recollection of these trips. Mrs. Clinton also indicated she had no knowledge of Roger Clinton having travelled on Mr. Lasater's plane. Shown some of the passengers names, Mrs. Clinton identified Dick Kelley as the

husband of President Clinton's mother, Virginia Kelley. She also identified Dan Lasater as Dan Lasater's wife.

Mrs. Clinton indicated she had no knowledge or recollection regarding Mr. Lasater having sold his company in 1986 and did not recall having performed any legal work relating to the Lasater and Company lawsuit involving First American Savings and Loan. Specifically, she indicated having no recollection participating in the settlement negotiations related to this lawsuit or ever having discussed this matter with Mr. Lasater. She stated she never performed any legal services work for Mr. Lasater. Further, Mrs. Clinton indicated she did not ever discuss the lawsuit with anyone outside the RLF.

Mrs. Clinton was asked several questions related to the First American Savings and Loan Association v Lasater and Company suit which was filed in October 1988. Mrs. Clinton stated she had no recollection of that litigation but had been informed, probably by Mr. Kendall, that Vincent Foster handled the matter. Mrs. Clinton was shown a copy of the document and asked why she signed a pleading and a motion on behalf of Mr. Foster instead of Michael Bennett, an attorney who normally assisted Mr. Foster. Mrs. Clinton was uncertain as to why she signed the documents and did not even recall having done so but indicated it was normal RLF practice for a partner to sign such documents and Mr. Bennett was an Associate. Mrs. Clinton related she had no knowledge or recollection of the issue of an amended complaint or the original complaint and, accordingly, was unable to advise any information regarding these issues.

Mrs. Clinton stated she was unaware of any information regarding Mr. Lasater having sold his interest in Lasater and Company before the time she worked the two hours which were billed to the FSLIC. Further, in response to the question of whether Mr. Foster had done so, Mrs. Clinton stated she did not recall whether Mr. Foster circulated a memorandum to RLF attorneys querying the staff regarding possible conflicts of interest. She stated her opinion would be that whatever procedures were normally followed at the RLF were probably also followed in the First American matter which was principally handled by Mr. Foster.

Mrs. Clinton was asked to describe her relationship with Ms. Patsy Thomasson. She stated she met Ms. Thomasson at the time of Mrs. Clinton's arrival in Little Rock, probably in the late 1970's. She stated Ms. Thomasson was active in the Arkansas Democratic Party politics where she was working for Senator David Pryor. She recalled that she and Ms. Thomasson used the same hairdresser and they became friends. Mrs. Clinton learned that Ms. Thomasson was working for Dan Lasater although Mrs. Clinton was unaware of any RLF attorney, including herself, having ever provided Mr. Lasater or the company any legal advice or representation. She recalled that Ms. Thomasson had a position of apparently great responsibility with Mr. Lasater's company and that it occasionally became stressful for Ms. Thomasson particularly during the time when she was caring for her elderly mother who was very ill and later died.

Mrs. Clinton stated she was unaware if Ms. Thomasson had power of attorney

while Mr. Lasater was in prison in 1987. She stated she never discussed the First American v. Lasater lawsuit with Ms. Thomasson or Mr. Lasater

Mrs. Clinton was asked several questions relative to RLF work regarding Home Federal Savings. Mrs. Clinton indicated she had no knowledge or recollection regarding any matters involving Home Federal and is unaware of ever having done any work on this matter or having been involved in any settlement negotiations. She stated she does not recall ever discussing the Home Federal case with anyone, particularly Mr. Lasater or Ms. Thomasson. She had no recollection regarding Tom Mars, a former RLF attorney, being substituted as counsel for United Capital after Mr. Lasater regained control of the company.

Mrs. Clinton was then asked several questions regarding the RLF doing work regarding Madison Guaranty Savings and Loan Association and related actions by RLF attorneys. First, Mrs. Clinton was asked whether Webster Hubbell sent a memorandum to other RLF attorneys regarding conflicts of interest prior to agreeing to litigate the Madison lawsuit against Frost. Mrs. Clinton said she did not specifically recall this having been done although this would be the normal practice and probably what was done in this case. Mrs. Clinton indicated she did not consider herself to be the attorney of record for Rose's representation of Madison before the ASD and presumed it to be Rick Massey. She recalled Massey came to her and asked her to the billing attorney which was a normal practice when an associate was handling a matter. She said that she believed Madison (then as Madison National Bank) had been a client of the RLF since 1982 and that Vincent Foster had been the responsible attorney. Later, in 1985, Mrs. Clinton recalled Madison (individual unknown) approached Rick Massey regarding a preferred stock offering in an effort to raise capital.

Regarding Rose working on the Frost litigation, Mrs. Clinton stated she did not think it was a conflict of interest because of Rose's prior work on Madison involving the Arkansas Securities Department. Mrs Clinton indicated that it would have been normal to advise Webster Hubbell regarding her work involving the Arkansas Securities Department although she has no memory of doing so. She believed that Rick Massey probably talked to Hubbell about this issue. Regarding the Frost litigation which was handled by RLF, Mrs. Clinton was asked if she recused herself from this matter. She did not recall recusing herself from this mater although she did recuse herself from all matters involving the State of Arkansas because of her husband's position as governor. Mrs. Clinton stated she does not believe Rose had a conflict of interest regarding Madison.

Mrs. Clinton indicated she has known Beverly Bassett Schaeffer(Arkansas Securities Department) and her family for approximately 20 years. When Rick Massey prepared a letter to Ms. Bassett Schaeffer, Mrs. Clinton's name was used as the RLF contact because she was a partner and Massey only an associate.

Mrs. Clinton was shown a January 30, 1986 RLF bill to Madison Guaranty for $4,670; she did not recall the matter but presumed her name was listed as a billing partner.

Mrs. Clinton was shown a January 23, 1986 memo from Rick Donovan re Madison

Guaranty v. IDC. She recalled the issue pertained to researching townships and the topic of 'wet dry' licensing approval for alcohol consumption. She stated this matter was handled by Rick Donovan.

Mrs. Clinton was asked regarding discussions with RLF attorney Carol Arnold and a client who had painted a portrait for Madison Guaranty. She stated she did not recall any discussions regarding this matter.

Regarding Webster Hubbell and the Ward family. Mrs. Clinton said she knew Seth Ward as Mrs. Susie Hubbell's father. She did not know what Data Corporation was but acknowledged knowing that P. C. M., Inc. was a Rose client. She indicated Webster Hubbell and other lawyers at the firm did work for PCM. She said she believed Hubbell also represented Seth Ward as an individual on many issues. Mrs. Clinton stated she did not recall ever having personally worked with or for Webster Hubbell on any issues involving PCM, although she stated Mr. Kendall told her she probably did do some work on it. She stated she was unaware of Mr. Hubbell being a corporate official of PCM and was unaware of any "firewall" which may have been arranged at the RLF regarding Mr. Hubbell and Ward. Further, she stated she was unaware that Mr. Ward had filed suit against Madison.

Mrs. Clinton was asked when was the last time she spoke with Mr. Hubbell. She indicated it was several weeks ago when he attended a surprise birthday party for her at the White House. She stated she has never discussed any issues regarding Madison Guaranty or other matters currently being investigated.

Mrs. Clinton was asked about her relationship with Harold Ickes. She stated she has known him for approximately 20 years. She did not recall how he may have been involved in any PCM issues but opined she may have referred some legal work to Mr. Ickes' New York firm.

Regarding Patricia Heritage, Mrs. Clinton indicated she knows her and that she had been hired by the RLF Commercial Section. She, however, was not a part of any conversations which may have been conducted at the RLF involving whether or not to hire Ms. Heritage.

Mrs. Clinton was asked about Ms. Jenny Baleridge Speed. She acknowledged knowing her as Gary Speed's wife but stated she was unaware Ms. Speed had been a part owner of Madison.

Mrs. Clinton was also asked questions about having worked on Penn Square Savings and Loan and Savers Savings and Loan; she stated she did not recall having worked on either of these institutions. Specifically, regarding Penn Square, she has no recollection of ever working on a lawsuit involving Southwest Drilling Associates.

Mrs. Clinton was asked about Lee Bowman and First South Savings and Loan Association. Mrs. Clinton indicated she had no recollection of this matter although she stated she does know Mr. Bowman.

Regarding Babcock loans and Madison Guaranty, Mrs. Clinton stated she only had a vague recollection of this matter and that it was somehow related to Madison.

Mrs. Clinton was asked if she ever represented Jim Guy Tucker and she said she had not; she was also asked about the Castle Grande sewer project and indicated she was familiar with the name but had no other knowledge of the matter.

Regarding FirstSouth Savings, Mrs. Clinton recalled there were issues involving C. Joseph Giroir, a former Rose partner, but was unaware of what those issues may have been. She stated she had no involvement with the FSLIC and any negotiations involving FirstSouth or Mr. Giroir.

Mrs. Clinton was asked to describe her present contacts with the RLF and the attorneys assigned there. She stated that she has had no professional or business dealings with the RLF or any of its attorneys since coming to Washington in January 1993. She has had occasional personal contacts on a few occasions with a few of the attorneys. For example, she said she met with Carol Arnold recently while she (Mrs. Clinton) was in Seattle.

Mrs. Clinton was asked if she had any other information she would like to relate regarding any of the subjects discussed or described in her affidavit. She indicated she had no further information to relate and the interview was concluded at 10:33 a.m.

END OF RECORD OF INTERVIEW; PAGE 5 OF 5

Prepared by: [redacted] Date: 12/1/94

Concurred by: [redacted] Date: 12/1/94

(a) Were YOU billing partner for matters nos. 1 through 4, all of which were opened in 1985? [Matters nos. 1 through 4 were "Stock Offering," "Limited Partnership," "Bibler" and "General."]

Yes.

(b) Was Webster Hubbell the billing partner for MADISON GUARANTY matter no. 5, entitled "I.D.C.," which was opened on or about August 2, 1985?

No, based on the time records, I believe that I was.

(c) If so, why was Webster Hubbell, rather than YOU, the billing partner for matter no. 5?

Please see my response to No. 62(b), supra.

Interrogatory No. 63: Identify the lawyers at the Rose Law Firm who had responsibility for obtaining Madison Guaranty matter no. 5 ("I.D.C.") for the Rose Law Firm. If the matter came to the Rose Law Firm without any solicitation on the part of the Rose Law Firm, identify the lawyer or lawyers at the Rose Law Firm to whom the matter was referred by the client or clients, and identified with respect to MADISON GUARANTY matter no. 5.

I do not recall how or why the Rose Law Firm was asked to give legal advice concerning IDC, or who was responsible for this.

Interrogatory No. 64: DESCRIBE the work YOU performed with respect to MADISON GUARANTY matter No. 5.

I remember almost nothing about this work, but after reviewing certain memoranda prepared by Rose Law Firm lawyer Rick Donovan and copies of the Rose Law Firm billing records for the Madison Guaranty matter (which have been furnished to the RTC), I believe that the work I did on this matter consisted primarily of supervising research concerning legal issues, such

be a little more precise. What it looks like here, looking at the numbers, is that with respect to you, rather than billing the client $912.50, the client was billed $2731.25. And my question is first, is that indeed what happened, and second, why?

A It did happen and I believe, as others from the Rose Firm have already testified, January was the end of our fiscal year and a tremendous effort was made to bill, not only all matters and hours that had already been recorded in the computer, but any work in progress as well so as to try to clear the decks before the end of the fiscal year.

I believe that the amount to bill represented work in progress that was not in the computer and not likely to have been entered into the computer, but which I had reported, kept track of and turned over to the billing department.

Q So this memorandum apparently was printed out January 21, 1986, and the close of your fiscal year would have been the 31st or whatever --

A Right.

Q So you say the difference between the $911

DOCUMENT ID: C:\WP51\FILES\WALTER2
Copyright 1996 American Broadcasting Companies, Inc.
All rights reserved
ABC NEWS
SHOW: 20/20 (ABC 9:00 pm ET)
January 12, 1996
Transcript # 1602

TYPE: Show; Show
SECTION: News; Domestic
LENGTH: 8476 words
HEADLINE: Hillary Clinton Speaks Out
GUESTS: HILLARY RODHAM CLINTON.

.... HUGH DOWNS: Tonight, Hillary Clinton under siege- this week the spotlight was supposed to be on her important new book about the condition of children in America, and we will talk about that a bit later. But there's now an avalanche of serious charges and sharp criticism of the first lady, who has been called a 'congenital liar' by a columnist. Her credibility and integrity are on the line and yet many Americans don't understand the fuss. What has she done, if anything, that's illegal? Has she been telling the truth? Well this week, Barbara braved the storm to sit down at the White House for an exclusive interview with the first lady.

BARBARA WALTERS: Well the headlines this week dealt with records suddenly found and memos newly discovered, a paper trail that has led even some Clinton loyalists to wonder is Hillary Clinton a liability to the president? The White House was a picture postcard in this week's snow, as quiet and still outside and inside as I've ever seen it. When we met with Mrs. Clinton, she appeared confident and serene, seemingly unruffled by this week's storm of controversy. She'd read the accusations that she was inconsistent, or worse, a liar, and she was ready to sit down and reply.

[interviewing] Mrs. Clinton, instead of your new book being the issue, you have become the issue. How did you get into this mess, where your whole credibility is being questioned?

HILLARY RODHAM CLINTON: Oh I ask myself that every day, Barbara, because it's very surprising and confusing to me but we've had questions raised for the last four years, and eventually they're answered and they go away and more questions come up and we'll just keep doing our best to answer them and hopefully it'll end at some point.

BARBARA WALTERS: Are you distressed?

HILLARY RODHAM CLINTON: Occasionally I get a little distressed, a little sad, a little angry, irritated. I think that's only natural. But I know that that's part of the territory and we'll just keep plowing through and trying to get to the end of this.

BARBARA WALTERS: Well let's talk about some of the things that are so much in the news this week. The travel office- last week, a 1993 memo by a former White House aide, David Watkins, was made public, in which he says that you were responsible for the firing of seven people in the White House travel office because you wanted to have an Arkansas travel agency take it's place, and there would have been nothing illegal about your doing that. But you have said you had no idea how the decision was made and that you had nothing to do with it.

HILLARY RODHAM CLINTON: Basically.

BARBARA WALTERS: Is he lying?

HILLARY RODHAM CLINTON: Well I think what is fair to say is that I did voice concern about the financial mismanagement that was discovered when the president arrived here in the White House travel office. I think that everyone who knew about it was quite concerned and wanted it to be taken care of. But I did not make the decisions. I did not direct anyone to make the decisions, but I have absolutely no doubt that I did express concern, because I was concerned about any kind of financial mismanagement.

BARBARA WALTERS: So is it a question of how much concern? I mean when you say you had nothing to do with it and he says you had everything to do with it, he's either not telling the truth or it's a misinterpretation. Where are we?

HILLARY RODHAM CLINTON: Well I think- I don't know, because I'm not aware exactly of what led him to say that. But certainly Mac McClardy, who was the chief of staff, took responsibility for the decisions, has said very clearly I did not tell him to do anything, he made the decisions, but he did it in consultation with many people whose advice he sought, whose concern he listened to. So I think, you know, that's something that I'll have to let someone else explain.

BARBARA WALTERS: You see the picture that's coming out is of this domineering first lady, you know that, and in his memo, he refers to an earlier incident in which he said you'd been furious over his failure to transfer certain secret service agents. He says he feared any delay in firing the travel office members would not have been tolerated by you. He said there would be hell to pay. What was this secret service incident?

HILLARY RODHAM CLINTON: Well I'm not sure what David Watkins is talking about. I can tell you what I was concerned about, and again, expressed it. There had been some stories that were in the press attributed to secret service agents-

BARBARA WALTERS: That you had thrown a lamp or a bible at your husband.

HILLARY RODHAM CLINTON: A lamp or a bible or a Mercedes Benz or, you know, there were many variations on it. When stories like that get into what I consider to be

respectable journalism, it does bother me, and it particularly bothered me that the secret service was being used to try to substantiate untrue stories and I couldn't understand that. So I was concerned about it and expressed that concern.

BARBARA WALTERS: Did you ask to have certain secret service members put in another detail?

HILLARY RODHAM CLINTON: No. No. I wanted the situation cleared up because- both for the secret service's sake, which is, after all, charged with a very difficult task and we have a great relationship with them, but also for my sake. I mean, you know, I have a pretty good arm. If I'd thrown a lamp at somebody, I think you would have known about it and, you know, when those things are said, I just don't want that to get a life of it's own.

BARBARA WALTERS: So you wanted the situation controlled or what? Use your words.

HILLARY RODHAM CLINTON: I want- right. Well I wanted, for example, the secret service to be able to say that didn't happen and-

BARBARA WALTERS: Did they?

HILLARY RODHAM CLINTON: Oh yes. I mean those stories stopped.

BARBARA WALTERS: Did you ever throw a lamp at your husband?

HILLARY RODHAM CLINTON: No I didn't.

BARBARA WALTERS: Did you ever throw a bible at your husband?

HILLARY RODHAM CLINTON: No I didn't.

BARBARA WALTERS: Do you have a terrible tempera?

HILLARY RODHAM CLINTON: No, but I do get angry about things. I'm not going to deny that. I do- there are things that I think are wrong or things that I think should be fixed and I am not at all shy about expressing my opinion. I try to be a direct person and- but I don't tell people what to do. I say here's what I think and I'm concerned about this.

BARBARA WALTERS: [voice-over] Then there is the question of Madison Guaranty, a failed savings and loan that regulators say financed shady real estate deals. The bank's failure cost taxpayers $60 million. Hillary Clinton was what her law firm called 'the billing partner' for the Madison account.

[interviewing] There is a dispute as to how much work you did for the Madison Guaranty. You have said it was minimal, investigators say you had a more involved relationship. Mrs. Clinton, I think most people don't understand it, they don't care how much you billed or how much money you made. But what they do think is were you aware of any shady

practices or actual wrongdoing on the part of this savings and loan for which you did legal work?

HILLARY RODHAM CLINTON: Absolutely not.

BARBARA WALTERS: You did not know-

HILLARY RODHAM CLINTON: Absolutely not.

BARBARA WALTERS: Even in their real estate deals?

HILLARY RODHAM CLINTON: No, absolutely not, and in fact, this whole matter originated because of this Whitewater land deal and we said, when that came up, that this was a failed real estate transaction about 20 years ago now, where we lost money, and people said well prove it. So we proved that. Then they said well, okay, how about this? The person you were in business with also later bought a savings and loan.

BARBARA WALTERS: Mr. McDougal.

HILLARY RODHAM CLINTON: Mr. McDougal. Did you get money from that savings and loan? Was the money channeled to you? We said absolutely not.

BARBARA WALTERS: Did it go towards the president's campaign?

HILLARY RODHAM CLINTON: Right, absolutely not, and, in fact, an independent study that has been done for the Resolution-

BARBARA WALTERS: Trust.

HILLARY RODHAM CLINTON: - Trust Corporation, the RTC, by an independent law firm, has looked at that Whitewater and Madison matter and said, indeed, what we said three and four years ago was the case.

BARBARA WALTERS: But they didn't have the billing records that they now have.

HILLARY RODHAM CLINTON: Well, but that is not really the issue. You know, a month ago, people were jumping up and down because the billing records were lost and they thought somebody might have destroyed them. Now the records are found and they're jumping up and down, but I'm glad the records were found. I wish they had been found a year or two ago, because they verify what I've been saying from the very beginning. I worked about an hour a week for 15 months. That was not a lot of work for me, certainly.

BARBARA WALTERS: One of the fraudulent loans of Madison Guaranty, which has gotten suddenly a lot of attention, is something called Castle Grande. In a sworn statement, you said you had no memory of working on Castle Grande.

BARBARA WALTERS: Okay.

HILLARY RODHAM CLINTON: There were no documents taken out of Vince Foster's office on the night he died and I did not direct anyone to interfere in any investigation. I know very well what we were talking about. We were grieving. We were supporting each other. I was asking questions about how other people who were close friends and colleagues of Vince were doing, how his family were doing, and some of those phone conversations consisted of us sobbing on the phone.

BARBARA WALTERS: And nothing was taken from Vince Foster's office that you asked to have looked over, kept from the eyes of the government?

HILLARY RODHAM CLINTON: I didn't even know he had documents of mine in his office, so that doesn't make any sense at all.

BARBARA WALTERS: You know, on the one hand, the fact that these two records, the billing records, and the travel memo come up this week, is certainly not something you could have wanted when you're trying to publicize a book, right?

HILLARY RODHAM CLINTON: That's right. Absolutely.

BARBARA WALTERS: Although Senator D'Amato said- implies- that they were going to be found anyway and that's why you had to release them, but the White House is not grandma's attic and for two years people have been looking for these records. They were in your personal effects. I mean one wonders why they were just found now?

HILLARY RODHAM CLINTON: Well one of them was.

BARBARA WALTERS: What does it look like up there with your records?

HILLARY RODHAM CLINTON: It is a mess. I mean that is something that-

BARBARA WALTERS: That's hard to understand.

HILLARY RODHAM CLINTON: But I think people do need to understand that there are millions of pieces of paper in the White House and for more than two years now, people have been diligently searching but, you know, it's something that I can't explain because I wasn't part of finding it, didn't even know it was there. But I'm glad it was found.

BARBARA WALTERS: Why don't you just go up to Capitol Hill and talk to the Senate committee yourself and get this all over with?

HILLARY RODHAM CLINTON: Well, we'll cooperate and we'll do whatever is necessary. There is nobody who wants this over more than I do. I really want it to be finished with, to

bring this matter to an end.

BARBARA WALTERS: And if it takes your going and testifying yourself, you'll go?

HILLARY RODHAM CLINTON: I'll do whatever it takes to cooperate.

BARBARA WALTERS: I have a tough question to ask you.

HILLARY RODHAM CLINTON: Oh dear. All your questions.

BARBARA WALTERS: Do you think that you're becoming more of the negative than a positive force for your husband? Are you becoming a political liability?

HILLARY RODHAM CLINTON: Oh I hope not because I love my husband and I really believe in what he's doing and I want to help him. But I have campaigned with him for, you know, gosh, ever since I've known him, and I'm going to do the same thing in this upcoming election. At the end of the day, the American people will know we have nothing to cover up, there is nothing that we have done that should be of any concern to anyone. We've tried, maybe not as smartly as we could have, to answer peoples' questions, but we'll keep doing the best we know how.

HUGH DOWNS: Well when we come back, more of Barbara's exclusive interview. Mrs. Clinton on the plight of children in America, the question of abortion, divorce and the times she's had to bite her tongue in her own marriage. Stay with us. [Commercial break]

BARBARA WALTERS: Today is the publication date for Hillary Clinton's new book about children. Mrs. Clinton, as we have already seen, has strong opinions, and so it is with her proposals to help our children. The book is titled It Takes A Village, meaning it's everyone's job, not just parents, to raise America's children. Mrs. Clinton says she wrote the book herself and the White House provided her copious longhand notes to prove it, for this book seems to represent Mrs. Clinton's deepest concerns.

[interviewing] Your book takes some very strong stands. This is not what some people thought was going to be a nice, soft book to show that you had a softer image. One of the controversial parts of your book has to do with health care. Remember health care?

HILLARY RODHAM CLINTON: Yes, I do, very well.

BARBARA WALTERS: Yeah. Okay. You speak of Medicare for older people and you want it for children. You want universal health care for children. You want federally funded or funded early education, Head Start. You want funding for proper day care. You seem to be swimming against the tide, you know? All we hear about is less government, less money. You're saying just the opposite.

HILLARY RODHAM CLINTON: Well that's because I think the tide is not going in the right direction. I think we are causing ourselves a lot of problems because we are not doing

what it takes to support families and I mean hold them accountable, hold them responsible. I believe strongly in marriage. I think that divorce should be harder for people with children. I want people to take responsibility for themselves and their kids. But at the same time, I'm out there. I know how hard it is for most Americans right now. They don't have a place to put their child that is safe and good, unless it can be subsidized. So for me, this is going in the right direction because in the long run, it is cheaper than prisons, it is cheaper than violence, it is cheaper than tearing at the quality of our life together.

BARBARA WALTERS: Let's talk about some of the social issues. You have said that this is- children who have one parent are two to three times as likely to have emotional and behavioral problems as children living in two parent families, are more likely to drop out of school and get pregnant, etc., and remarriage of their parents doesn't seem to better the odds. What's your solution to the one parent dilemma?

BARBARA WALTERS: What you've just recited from my book is the case, that we need more parents to both get married and stay married in order to support children. There will always be exceptions. I write about my mother-in-law, who endured, I think, violence and abuse that should have led to a divorce. But in many instances today, it is not that extreme a case and I think we ought to do a little more, both to help parents stay together, but if it's inevitable that they are going to divorce, to provide education and counseling so that they don't let their problems affect their children.

BARBARA WALTERS: And then in your book, you weave in your own personal experiences and you say, 'My strong feelings about divorce and it's effect on children have caused me to bite my tongue more than a few times during my own marriage.'

HILLARY RODHAM CLINTON: Right.

BARBARA WALTERS: When? Why? Oh I can't wait to-

HILLARY RODHAM CLINTON: All the time. I think any couple-

BARBARA WALTERS: You've considered divorce?

HILLARY RODHAM CLINTON: No, never a divorce, but certainly I have thought hard about how a situation can escalate out of hand. You have to really be committed to it and you have to be willing to make compromises and to bite that tongue from time to time.

BARBARA WALTERS: To make that marriage last, almost no matter what.

HILLARY RODHAM CLINTON: At least during the childhood of those children, yes.

BARBARA WALTERS: You've heard the expression murder yes, divorce no.

HILLARY RODHAM CLINTON: Right, yes I have.

BARBARA WALTERS: Did that ever apply to you?

HILLARY RODHAM CLINTON: No, but maybe short of that. I've had, you know, just like all of us, we've had our ups and our downs but it's been such a great commitment for us and I think having Chelsea made it even stronger.

BARBARA WALTERS: I want to talk a little bit about Chelsea. She's going to be 16 next month.

HILLARY RODHAM CLINTON: Yes, she is.

BARBARA WALTERS: You've kept her out of the press and the press has been really pretty good about it.

HILLARY RODHAM CLINTON: Yes.

BARBARA WALTERS: She'll be going off to college. Tell us just a little bit about her. What is she interested in? What do you think she wants to do?

HILLARY RODHAM CLINTON: Well, she is still very interested in ballet. Right now she wants to learn to drive and get a driver's license, which is something I'm living in fear and trembling of, but her father, which is very scary, is teaching her how to drive. So they're having a good time.

BARBARA WALTERS: Well there goes that relationship there.

HILLARY RODHAM CLINTON: You know, they were doing everything from parallel parking to backing up. When I came back, 'I said well how'd it go, how'd it go?' And she said, 'Well, I think dad learned a lot.' So they really have a good time. But she'll be looking at college and I'm just not looking forward to that myself. I will miss her so much.

BARBARA WALTERS: Let's not use Chelsea as an example, but if you had a teenage daughter who became pregnant and wanted to have an abortion, not have the baby, would you support it?

HILLARY RODHAM CLINTON: Oh gosh, I just even can't imagine that decision. I'd- I- I would do whatever I could to support her and it would be a terrible decision and we can avoid that being the choice if children are given good, responsible information and ability to say no at an earlier age.

BARBARA WALTERS: Do you feel that a parent should be notified if an under age daughter wants to have an abortion?

HILLARY RODHAM CLINTON: I believe in parental notification. I think there are

BARBARA WALTERS: I must remember that nursery rhyme from her book.

HUGH DOWNS: Right. You know, what's fascinating is that in spite of her attempts to change her image, sort of become more traditional, more behind the scenes-

BARBARA WALTERS: If, indeed, she was trying to, yeah?

HUGH DOWNS: Yeah, she still is in the center of a storm. Is this book of hers going to help her any with that, do you think?

BARBARA WALTERS: I don't think it's going to make a difference to the Whitewater investigations. I think there will still be a great many people who will say when she says I don't approve of this, even though she doesn't order it, isn't that enough to make people jump and do what she wants to do?

HUGH DOWNS: The power of the position.

BARBARA WALTERS: That's right. What this book will give her is a forum to discuss the book, which has many very good social agencies that can help people and so forth. It will give her the chance to show what she is, a first lady with opinions and a first lady with knowledge. We have never had a first lady write a serious book while in the White House. We have not had a first lady quite like this.

HUGH DOWNS: I think people would be interested in where the money this book yields will go.

BARBARA WALTERS: It's going to go to children's hospitals and the National Association of Children's Hospitals will help Mrs. Clinton decide where it goes.

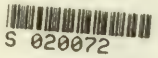
HUGH DOWNS: Thank you, Barbara.

BARBARA WALTERS: You're welcome.

DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
930720	RESIDENCE	POTUS	BLACK	DAISY	060148	16:32
	RESIDENCE	POTUS	MONLYN	SYLVIA	081957	18:03
	RESIDENCE	POTUS	VERDI RAMO	MARION	083048	16:38
	RESIDENCE	POTUS	HANSEN	DONNA	122447	16:56
	RESIDENCE	POTUS	GILMAN	STEVE	121459	17:22
	RESIDENCE	LAWN	LONG	EDWARD	081257	15:02
	RESIDENCE	POTUS	LONG	TRAVIS	012471	17:59
	RESIDENCE	POTUS	RODRIGUEZ	LIDIA	120423	16:07
	RESIDENCE	POTUS	STEVENSON	LISA	022838	17:00
	RESIDENCE	LAWN	SMITHLEY	GLENDALE	061588	14:53
	RESI	RODMAN	SIMOVITCH	RYAN	082674	17:02
	RESIDENCE	POTUS	MCNEAL	SCOTT	092372	17:10
	RESIDENCE	POTUS	AMONTREE	TOM	022760	17:18
	RESIDENCE	POTUS	ROSELLI	RICHARD	102454	17:23
	RESIDENCE	POTUS	GOODSON	PAUL	080951	17:29
	RESIDENCE	POTUS	MOND	GINA	042888	17:34
	RESIDENCE	POTUS	GEATHERS	LEMUEL	112124	18:09
	RESIDENCE	POTUS	ERICKS	DAVE	022649	17:14
	RESIDENCE	POTUS	COHEN	JEFF	072357	17:26
	RESIDENCE	POTUS	MCCLELLAN	JACQUELINE	100853	17:30
	RESIDENCE	POTUS	NICHOLSON	JULIE	010693	17:37
	RESIDENCE	POTUS	SEYMOUR	JULIAN	042588	17:47
	RESIDENCE	POTUS	BILCHIK	SHAY	041253	18:33
	RESIDENCE	POTUS	BILCHIK	SUSAN	080383	18:35
	RESIDENCE	POTUS	[illegible]	ALEXIS	061761	18:03
	RESIDENCE	POTUS	ROBERTS	[illegible]	090394	18:08
	RESIDENCE	POTUS	MITCHELL	JUNE	112770	18:08
	RESIDENCE	POTUS	CHERRY	JANICE	072411	18:00
	RESIDENCE	MITCHELL	PAJE	JOSEPH	031776	16:33
	RESIDENCE	MITCHELL	DUNAWAY	GEORGE	122994	16:11
	RES	POTUS	MCWILLIAMS	IAN	111855	20:48
	RESIDENCE	POTUS	[illegible]	BRIAN	122068	17:00
	RESIDENCE	PULGHUM	MCKINLEY	MATHEW	121767	17:08
	RESIDENCE	[illegible]	[illegible]	[illegible]	061784	17:08
	RESIDENCE	PULGHUM	BISHOP	BEVERLY	110342	11:08
	RESIDENCE	PULGHUM	MCKINLEY	MELANIE	021462	11:08
	RESIDENCE	MITCHELL	PASCUA	JERRY	122068	16:04
	RESIDENCE	MITCHELL	POWE	MILTON	101288	17:22
	RESIDENCE	POTUS	GRIMES	ELIZABETH	041268	17:08
	RESIDENCE	POTUS	MATHEWS	SUSAN	061477	17:24
	RESIDENCE	MITCHELL	FORD	REGINALD	121484	16:41
	RESIDENCE	MITCHELL	JERMAN	ANGELA	013062	16:30
	RESIDENCE	MITCHELL	MCCLUNEY	ANNIE	011343	17:07
	RESIDENCE	MITCHELL	BELL	CHARLES	041823	15:32
	RESIDENCE	MITCHELL	BELL JR	JAMES	031833	13:03
	RESIDENCE	WILLIAMS	COBBY	SHARON	092543	13:01
	RESIDENCE	POTUS	HOWE	DONALD	121562	17:51
	RESIDENCE	POTUS	GILLESPIE	CHARLES	032235	18:00
	RESIDENCE	POTUS	CHUSMIR	LEONARD	080527	18:00
	RESIDENCE	POTUS	BOYLAN	RICK	021937	18:36
930721	RESI	POTUS	GARDNER	BISCELLO	091364	10:23
	RESI	POTUS	JONES	DARRELL	100893	10:12
	RESIDENCE	PULGHUM	DELROCCO	TIMOTHY	042789	11:17
	RESIDENCE	TEDRICK	WILES	STEPHEN	121761	9:31
	RESI	POTUS	BUSARON	KENDALL	112533	10:20
	RESI	POTUS	CHEMOWETH	MARK	091360	10:16
	RES	PLOTUS	SKOCPOL	THEDA	050447	13:19

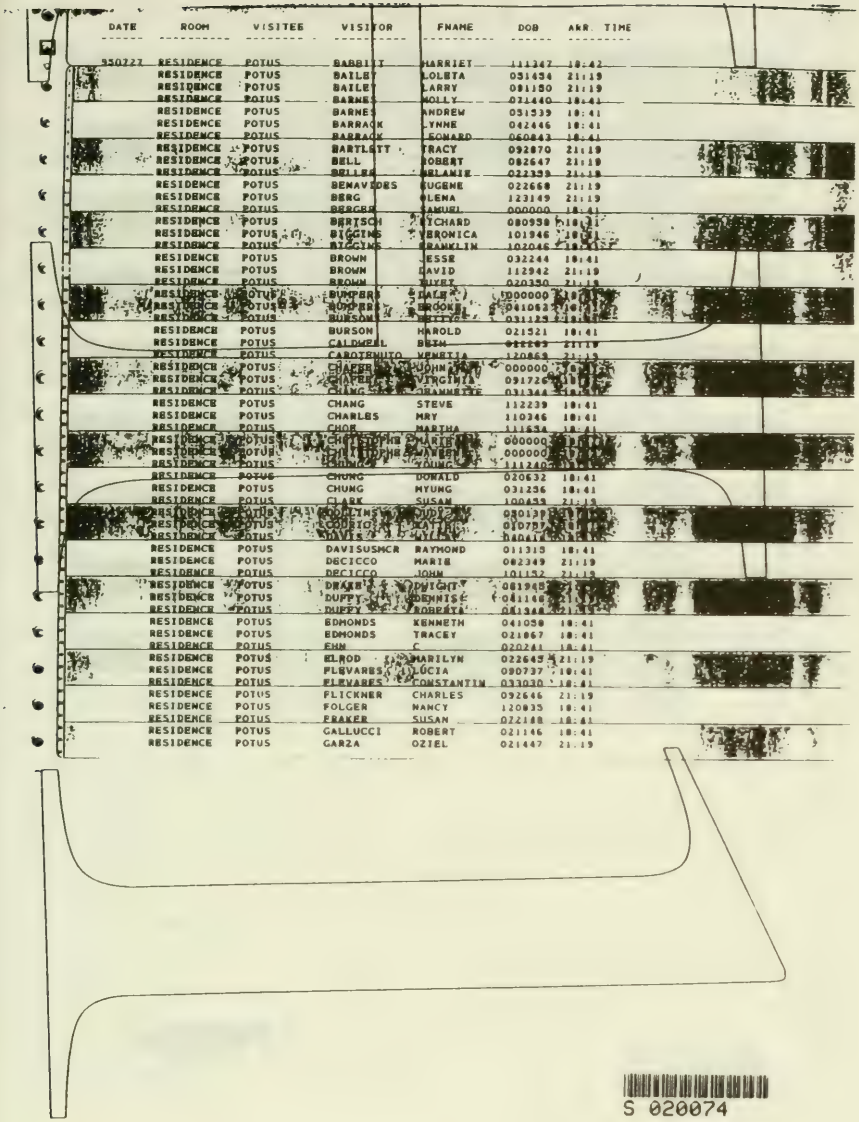
Jul

Appt



DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
950721	RESIDENCE	FULGHUM	DELROCCO	STEPHEN	100157	11:17
	RESIDENCE	FULGHUM	DELROCCO	CHRISTINA	032788	11:17
	RESIDENCE	MITCHELL	HALL	JAMES	031033	16:51
	RESIDENCE	FREDERICK	BURROWS	JOHN	101636	9:31
	RESIDENCE	MITCHELL	MARSHALL	CHARLES	021020	15:44
950722	RESIDENCE	MITCHELL	PASCUA	JERRY	122046	16:38
	RESIDENCE	CHAPMAN	CZUTPER	MAJIE	042376	0:00
	RESIDENCE	CHAPMAN	GUDERDUX	BERENGERE	081176	0:00
	RES	COLLICK	JONES	CRYSTAL	071471	10:18
950723	RESIDENCE	CHAPMAN	GOHEEN	CAULEEN	032881	11:04
	RESIDENCE	SHANKS	EGGART	UTE	072379	13:59
	RESIDENCE	MITCHELL	HALL	JAMES	031033	16:51
	RESIDENCE	CHAPMAN	ROSBERRY	FREDERICK	052260	16:04
	RESIDENCE	SHANKS	SIMPSON	DAVID	041152	20:51
	RESIDENCE	SHANKS	SIMPSON	MARIA	122971	21:51
	RESIDENCE	SHANKS	SIMPSON	JANET	121071	21:51
950724	RESIDENCE	LUCE	MCINTYRE	CLAIRE	063084	14:00
	RESIDENCE	MITCHELL	PASCUA	JERRY	122046	17:11
	RESIDENCE	SCOUTEN	MAILLARD	EUGENE	012753	13:57
	RES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RESIDENCE	HAYASHI	BLANCHETT	COURTNEY	082071	17:36
	RES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RESIDENCE	LAWN	POOLE	BARRY	102146	7:23
	RESIDENCE	LUCE	MCINTYRE	AUGUSTA	050360	14:00
950725	RESIDENCE	FIRST	RAY	MAYA	020927	17:22
	RESIDENCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RESIDENCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RESIDENCE	CRAIGHEAD	BONSALLE	ANDREW	051565	13:42
	RESIDENCE	MCGEE	HUTTO	ROBERT	090846	7:11
	RESIDENCE	CRAIGHEAD	BONSALLE	JAY	031064	19:42
	RESIDENCE	MCGEE	MAXWELL	AUSTIN	120352	7:11
	RESIDENCE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	RES	RILEY	TURNER	SANDRA	011864	0:00
950726	RESIDENCE	MITCHELL	JEFFRIES	JAMES	030541	16:27
	RESIDENCE	FLOTUS	PULLEY	CASSANDRA	120242	6:38
	RES	HAYASHI	WOOSTER	GREG	072353	21:55
	RESIDENCE	LUCE	GREIBEL	RAYMOND	082281	11:24
	RESIDENCE	FLOTUS	CUTLER	LYNN	101511	5:30
	RES	HAYASHI	CRUMP	DONALD	031429	12:56
	RESIDENCE	FLOTUS	ECHAVESTE	MARIA	053154	6:39
	RESIDENCE	FLOTUS	LYONS	JAMES	010647	6:35
	RES	HAYASHI	BERGER	WILHITAN	080739	13:10
	RES	HAYASHI	POWELL	DIANNE	061471	12:56
	RES	POTUS	CHARLES	ROBERT	010355	16:16
950727	RESIDENCE	POTUS	AGNIHOTRI	KRISHNA	080336	10:41
	RESIDENCE	POTUS	AGNIHOTRI	BHISHMA	010533	10:41
	RESIDENCE	POTUS	AHN	MI	031053	10:41
	RESIDENCE	POTUS	AHN	CHAI	022618	10:41
	RESIDENCE	POTUS	AHN	SUZANNE	013152	10:41
	RESIDENCE	POTUS	AHN	SAM	020934	10:41
	RESIDENCE	POTUS	ALEXANDER	J	110430	10:41
	RESIDENCE	POTUS	ALEXANDER	CAROL	101742	10:41
	RESIDENCE	POTUS	ALLEN	DALE	010924	10:41
	RESIDENCE	POTUS	ALLEN	WILLIAM	101519	10:41
	RESIDENCE	POTUS	BABBITT	BRUCE	062738	10:41

S 020073



DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
930727	RESIDENCE	POTUS	BABBITT	HARRIET	111347	18:42
	RESIDENCE	POTUS	BAILEY	LOLETA	051434	21:19
	RESIDENCE	POTUS	BAILEY	LARRY	091150	21:19
	RESIDENCE	POTUS	BARNES	MOLLY	071440	18:41
	RESIDENCE	POTUS	BARNES	ANDREW	051539	18:41
	RESIDENCE	POTUS	BARRACK	LYNNE	042446	18:41
	RESIDENCE	POTUS	BARRACK	EDWARD	060843	18:41
	RESIDENCE	POTUS	BARTLETT	TRACY	092870	21:19
	RESIDENCE	POTUS	BELL	ROBERT	082647	21:19
	RESIDENCE	POTUS	BELLEW	BELANIE	022359	21:19
	RESIDENCE	POTUS	BENAVIDES	EUGENE	022668	21:19
	RESIDENCE	POTUS	BERG	ELENA	123149	21:19
	RESIDENCE	POTUS	BERGER	SAMUEL	000000	18:41
	RESIDENCE	POTUS	BERTSCH	RICHARD	080958	18:41
	RESIDENCE	POTUS	BIGGINS	VERONICA	101946	18:41
	RESIDENCE	POTUS	BIGGINS	FRANKLIN	102046	18:41
	RESIDENCE	POTUS	BROWN	JESSE	032244	18:41
	RESIDENCE	POTUS	BROWN	DAVID	112942	21:19
	RESIDENCE	POTUS	BROWN	OLIVER	020330	21:19
	RESIDENCE	POTUS	BUMPERS	HALEY	1000000	18:41
	RESIDENCE	POTUS	BUMPERS	DENNIS	041063	18:41
	RESIDENCE	POTUS	BURSON	BETTE	031135	21:19
	RESIDENCE	POTUS	BURSON	HAROLD	021521	18:41
	RESIDENCE	POTUS	CALDWELL	BETH	041163	21:19
	RESIDENCE	POTUS	CAROTENUTO	VENETIA	120863	21:19
	RESIDENCE	POTUS	CHAFEE	JOHN H	000000	18:41
	RESIDENCE	POTUS	CHAFEE	VIRGINIA	091726	18:41
	RESIDENCE	POTUS	CHANG	GRANNETTE	031344	18:41
	RESIDENCE	POTUS	CHANG	STEVE	112239	18:41
	RESIDENCE	POTUS	CHARLES	MRY	110346	18:41
	RESIDENCE	POTUS	CHOE	MARTHA	111634	18:41
	RESIDENCE	POTUS	CHRISTOPHE	MARIE	000000	18:41
	RESIDENCE	POTUS	CHRISTOPHE	WARREN	000000	18:41
	RESIDENCE	POTUS	CHUNG	YOUNG	111240	18:41
	RESIDENCE	POTUS	CHUNG	DONALD	020632	18:41
	RESIDENCE	POTUS	CHUNG	MYUNG	031256	18:41
	RESIDENCE	POTUS	CLARK	SUSAN	100455	21:19
	RESIDENCE	POTUS	COALTMS	AUDREY	080139	18:41
	RESIDENCE	POTUS	COUBIOU	KATHRYN	010791	18:41
	RESIDENCE	POTUS	DAVIS	LYLLIAM	040414	18:41
	RESIDENCE	POTUS	DAVISUSMCR	RAYMOND	011315	18:41
	RESIDENCE	POTUS	DECICCO	MARIE	082349	21:19
	RESIDENCE	POTUS	DECICCO	JOHN	101152	21:19
	RESIDENCE	POTUS	DRAKE	DWIGHT	081945	21:19
	RESIDENCE	POTUS	DUFFY	DENNIS E	041148	21:19
	RESIDENCE	POTUS	DUFFY	ROBERTA	041948	21:19
	RESIDENCE	POTUS	EDMONDS	KENNETH	041058	18:41
	RESIDENCE	POTUS	EDMONDS	TRACEY	021867	18:41
	RESIDENCE	POTUS	EHN	C	020241	18:41
	RESIDENCE	POTUS	ELROD	MARILYN	022645	21:19
	RESIDENCE	POTUS	FLEVARES	LUCIA	090737	18:41
	RESIDENCE	POTUS	FLEVARES	CONSTANTIN	033030	18:41
	RESIDENCE	POTUS	FLICKNER	CHARLES	092646	21:19
	RESIDENCE	POTUS	FOLGER	NANCY	120835	18:41
	RESIDENCE	POTUS	FRAKER	SUSAN	022188	18:41
	RESIDENCE	POTUS	GALLUCCI	ROBERT	021146	18:41
	RESIDENCE	POTUS	GARZA	OZIEL	021447	21:19

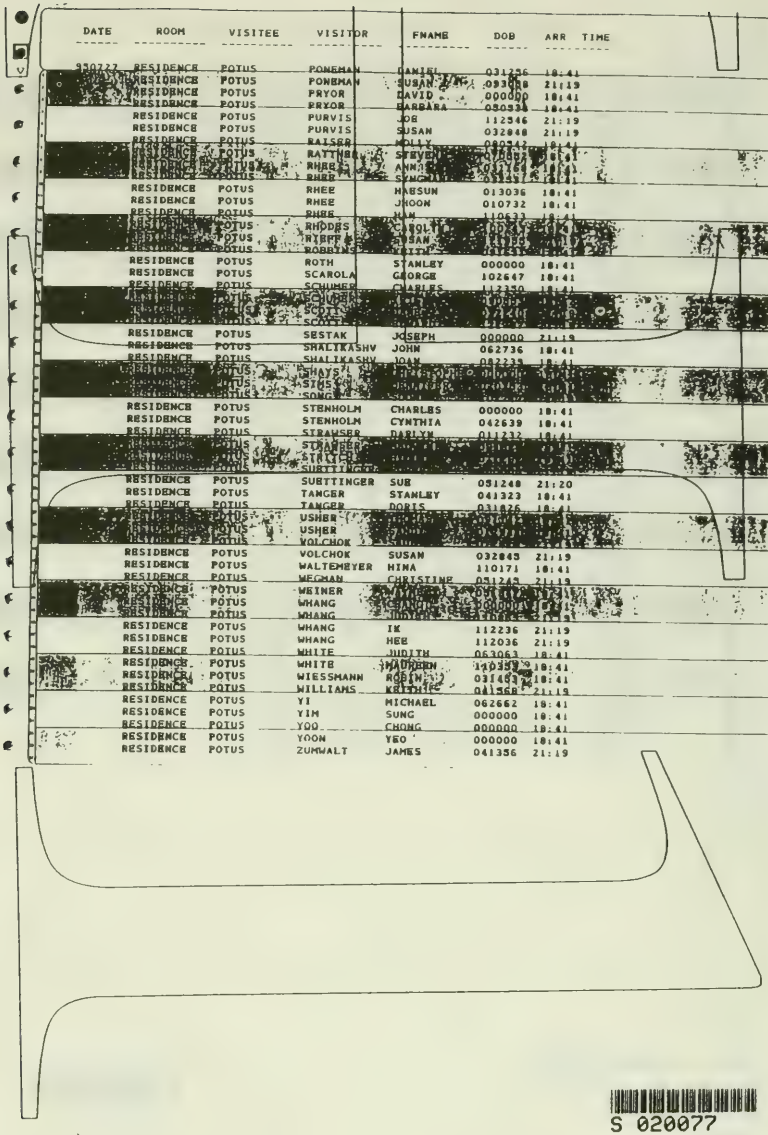
S 020074

DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR TIME
950227	RESIDENCE	POTUS	GLENN	ANNIE	011720	10:41
[redacted]	RESIDENCE	POTUS	[redacted]	[redacted]	000000	10:42
	RESIDENCE	POTUS	[redacted]	[redacted]	000000	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	000000	10:41
	RESIDENCE	POTUS	GRANT	CAROLYN	041643	10:41
	RESIDENCE	POTUS	GRANT	RICHARD	091739	10:42
	RESIDENCE	POTUS	GREENSPUN	MYRA	122147	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	121446	10:41
	RESIDENCE	POTUS	[redacted]	MARGARET	071690	10:41
	RESIDENCE	POTUS	[redacted]	DONALD	120927	10:41
	RESIDENCE	POTUS	HALLORAN	MICHAEL	052041	21:19
	RESIDENCE	POTUS	HAN	LEE	000000	10:41
	RESIDENCE	POTUS	HANSEN	NANCY	032542	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	070[redacted]	21:41
	RESIDENCE	POTUS	[redacted]	[redacted]	042[redacted]	21:19
	RESIDENCE	POTUS	[redacted]	[redacted]	000[redacted]	10:41
	RESIDENCE	POTUS	HARVEY	PAUL	080418	10:41
	RESIDENCE	POTUS	HENDERSON	SKITCH	012718	10:41
	RESIDENCE	POTUS	HENDERSON	RUTH	011230	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	011[redacted]	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	071142	21:19
	RESIDENCE	POTUS	[redacted]	THOMAS	013043	21:19
	RESIDENCE	POTUS	ISAAC	GODFREY	042523	10:41
	RESIDENCE	POTUS	JACKSON	ROSEMARY	061748	21:19
	RESIDENCE	POTUS	JACOBSEN	KENNETH	090431	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	090[redacted]	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	081[redacted]	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	081[redacted]	10:41
	RESIDENCE	POTUS	KAHNG	STEPHEN	122149	10:41
	RESIDENCE	POTUS	KAHNG	CHOONG	112050	10:41
	RESIDENCE	POTUS	KAMBARA	ANN	050822	21:19
	RESIDENCE	POTUS	[redacted]	[redacted]	11[redacted]	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	070[redacted]	21:19
	RESIDENCE	POTUS	[redacted]	[redacted]	081[redacted]	10:41
	RESIDENCE	POTUS	KESSLER	GAIL	092252	10:41
	RESIDENCE	POTUS	KIM	DONG	000000	10:41
	RESIDENCE	POTUS	KIM	JAY	000000	10:42
	RESIDENCE	POTUS	[redacted]	[redacted]	12)937	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	000000	10:41
	RESIDENCE	POTUS	[redacted]	[redacted]	000000	21:19
	RESIDENCE	POTUS	KIM	SUK	000000	10:46
	RESIDENCE	POTUS	KIM	YOUNG	000000	10:47
	RESIDENCE	POTUS	KIM	CHONG	011840	21:19
	RESIDENCE	POTUS	[redacted]	[redacted]	042447	21:20
	RESIDENCE	POTUS	[redacted]	[redacted]	070855	10:41
	RESIDENCE	POTUS	KIM	CHONG	041333	10:41
	RESIDENCE	POTUS	KIM	YOUNG	081628	10:41
	RESIDENCE	POTUS	KIM	EDWARD	050966	21:19
	RESIDENCE	POTUS	KIM	HELEN	042447	21:19
	RESIDENCE	POTUS	KIRBY	LAURIE	000000	10:41
	RESIDENCE	POTUS	KIRK	PAUL	011038	10:41
	RESIDENCE	POTUS	KIRK	GAIL	101143	10:41
	RESIDENCE	POTUS	KLEISNER	THEODORE	090544	10:41
	RESIDENCE	POTUS	KLEISNER	KAREN	090346	10:41
	RESIDENCE	POTUS	LANEY	JAMES	122427	10:41

S 020075

DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
950727	RESIDENCE	POTUS	LEE	BRUCE	000000	18:41
	RESIDENCE	POTUS	LEE	SUN	010949	18:41
	RESIDENCE	POTUS	LEE	HAENG	072037	18:41
	RESIDENCE	POTUS	LEE	JANG	101447	18:41
	RESIDENCE	POTUS	LESMYAK	RAYMOND	050746	18:41
	RESIDENCE	POTUS	LEVENTHAL	ALAN	072852	18:41
	RESIDENCE	POTUS	LEVENTHAL	CAROL	010452	18:41
	RESIDENCE	POTUS	LEV[illegible]	GINGER	110348	18:41
	RESIDENCE	POTUS	LIPTAK	ELYZABETH	030956	21:19
	RESIDENCE	POTUS	LITVAK	ROBERT	000000	21:19
	RESIDENCE	POTUS	LOCKE	GARY	012150	18:41
	RESIDENCE	POTUS	LORD	BETTY	110398	18:41
	RESIDENCE	POTUS	LORD	WINSTON	081437	18:42
	RESIDENCE	POTUS	LUCAS	[illegible]	060957	[illegible]
	RESIDENCE	POTUS	LUCAS	[illegible]	090537	[illegible]
	RESIDENCE	POTUS	LUM	[illegible]	072042	[illegible]
	RESIDENCE	POTUS	LUM	TRISHA	062769	18:41
	RESIDENCE	POTUS	MATSUI	DORIS	092544	18:41
	RESIDENCE	POTUS	MATSUI	ROBERT	000000	18:42
	RESIDENCE	POTUS	MAZZEI	[illegible]	052230	[illegible]
	RESIDENCE	POTUS	MAZZEI	[illegible]	052132	[illegible]
	RESIDENCE	POTUS	MC[illegible]	[illegible]	120547	[illegible]
	RESIDENCE	POTUS	MCAULIFFE	MILDRED	111021	18:41
	RESIDENCE	POTUS	MCAULIFFE	TERENCE	020957	18:41
	RESIDENCE	POTUS	MCGRENSKY	RICHARD	082250	21:19
	RESIDENCE	POTUS	MCMURTRY	[illegible]	031246	[illegible]
	RESIDENCE	POTUS	MCNALLY	[illegible]	010956	[illegible]
	RESIDENCE	POTUS	MOORE	[illegible]	000000	[illegible]
	RESIDENCE	POTUS	MORELLA	CONSTANCE	000000	18:41
	RESIDENCE	POTUS	MORELLA	ANTHONY	083130	18:41
	RESIDENCE	POTUS	MORRIS	GARY	120745	18:41
	RESIDENCE	POTUS	MURPHY	[illegible]	031863	[illegible]
	RESIDENCE	POTUS	[illegible]	[illegible]	100836	[illegible]
	RESIDENCE	POTUS	[illegible]	[illegible]	031439	[illegible]
	RESIDENCE	POTUS	NUMN	COLLEEN	000000	18:41
	RESIDENCE	POTUS	NUMN	SAM	000000	18:42
	RESIDENCE	POTUS	NYE	MARY	061939	21:19
	RESIDENCE	POTUS	NYE	[illegible]	041937	[illegible]
	RESIDENCE	POTUS	OH	[illegible]	0000000	[illegible]
	RESIDENCE	POTUS	OH	[illegible]	070855	[illegible]
	RESIDENCE	POTUS	PAGE	ATLANTIC	030571	18:41
	RESIDENCE	POTUS	PALEVSKY	MAX	072424	18:41
	RESIDENCE	POTUS	PALEVSKY	JULIE	091065	18:41
	RESIDENCE	POTUS	PANETTA	[illegible]	070951	18:41
	RESIDENCE	POTUS	PANETTA	[illegible]	031040	18:41
	RESIDENCE	POTUS	PAPPAS	NICHOLAS	111029	18:41
	RESIDENCE	POTUS	PAPPAS	JANET	101335	18:41
	RESIDENCE	POTUS	PARK	HEE	000000	18:41
	RESIDENCE	POTUS	PARK	JAE	000000	18:42
	RESIDENCE	POTUS	PARK	[illegible]	000000	18:43
	RESIDENCE	POTUS	PARK	RICHARD	082138	18:44
	RESIDENCE	POTUS	PARKER	MAYNARD	072840	18:41
	RESIDENCE	POTUS	PEPPER	JOHN	080238	18:41
	RESIDENCE	POTUS	PEPPER	FRANCES	110940	18:41
	RESIDENCE	POTUS	PERRY	LEE	081727	18:41
	RESIDENCE	POTUS	PERRY	WILLIAM	101127	18:42

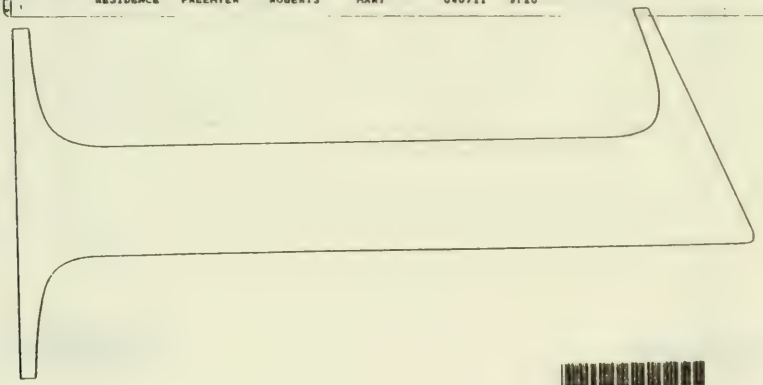
S 020076



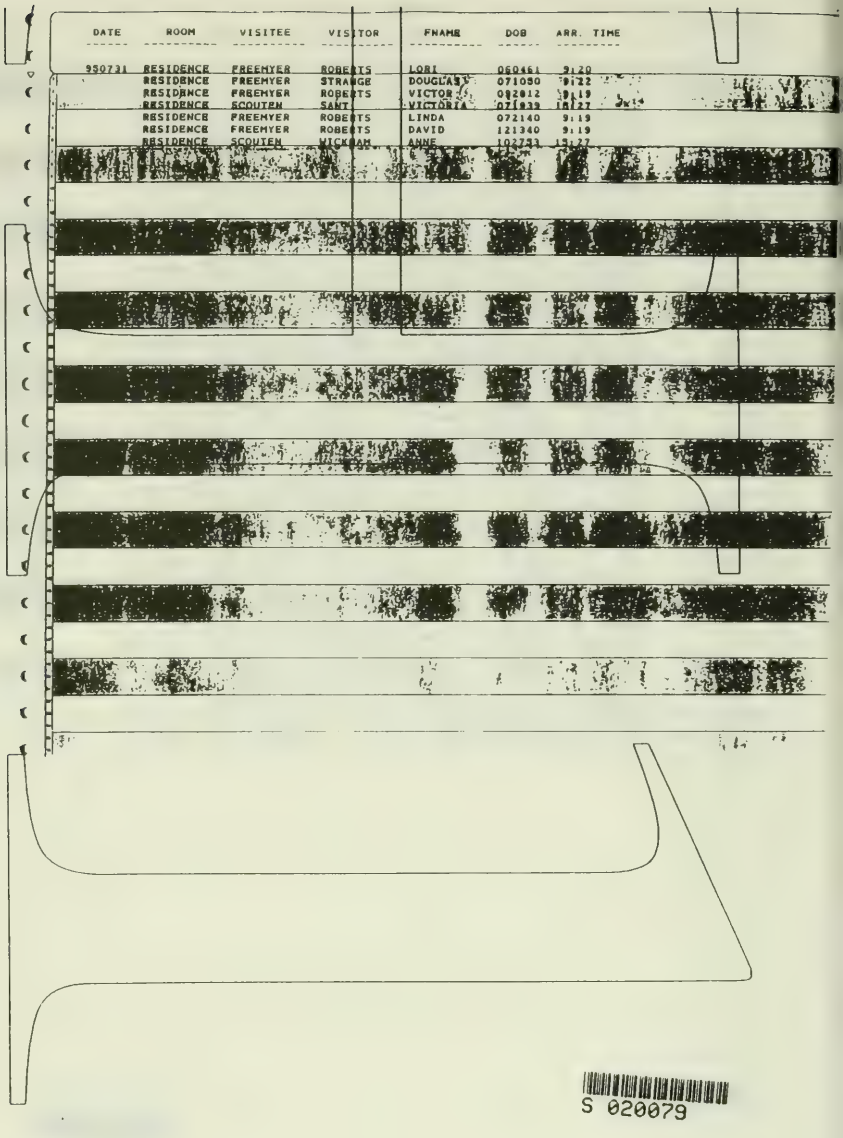
DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR TIME
9707??	RESIDENCE	POTUS	POWERMAN	DANIEL	031256	18:41
[illegible]	RESIDENCE	POTUS	POWERMAN	SUSAN	093068	21:19
	RESIDENCE	POTUS	PRYOR	DAVID	000000	18:41
	RESIDENCE	POTUS	PRYOR	BARBARA	030934	18:41
	RESIDENCE	POTUS	PURVIS	JOE	112546	21:19
	RESIDENCE	POTUS	PURVIS	SUSAN	032848	21:19
	RESIDENCE	POTUS	RAISER	MOLLY	080242	18:41
	RESIDENCE	POTUS	RATTNER	STEVEN	070462	18:41
	RESIDENCE	POTUS	RHEE	ANNA	051761	18:41
	RESIDENCE	POTUS	RHEE	CHRISTI	041451	18:41
	RESIDENCE	POTUS	RHEE	HAESUN	013036	18:41
	RESIDENCE	POTUS	RHEE	JHOON	010732	18:41
	RESIDENCE	POTUS	RHEE	KIM	110633	18:41
	RESIDENCE	POTUS	RHODES	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	RIEFF	SUSAN	011965	18:41
	RESIDENCE	POTUS	ROBBINS	KEITH	041561	18:41
	RESIDENCE	POTUS	ROTH	STANLEY	000000	18:41
	RESIDENCE	POTUS	SCAROLA	GEORGE	102647	18:41
	RESIDENCE	POTUS	SCHUMER	CHARLES	111250	18:41
	RESIDENCE	POTUS	SCHUMER	[illegible]	111250	18:41
	RESIDENCE	POTUS	SCOTT	[illegible]	000000	18:41
	RESIDENCE	POTUS	SCOTT	[illegible]	041401	18:41
	RESIDENCE	POTUS	SESTAK	JOSEPH	000000	21:19
	RESIDENCE	POTUS	SHALIKASHV	JOHN	062736	18:41
	RESIDENCE	POTUS	SHALIKASHV	JOAN	082233	18:41
	RESIDENCE	POTUS	SHAYS	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	STARK	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	SONG	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	STENHOLM	CHARLES	000000	18:41
	RESIDENCE	POTUS	STENHOLM	CYNTHIA	042639	18:41
	RESIDENCE	POTUS	STRAUSER	DARLYN	011232	18:41
	RESIDENCE	POTUS	STRAUSS	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	STUTZER	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	SUBTTINGER	SUB	051240	21:20
	RESIDENCE	POTUS	TANGER	STANLEY	041323	18:41
	RESIDENCE	POTUS	TANGER	DORIS	031826	18:41
	RESIDENCE	POTUS	USHER	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	USHER	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	VOLCHOK	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	VOLCHOK	SUSAN	032843	21:19
	RESIDENCE	POTUS	WALTEMEYER	HINA	110171	18:41
	RESIDENCE	POTUS	WEGMAN	CHRISTINE	051243	21:19
	RESIDENCE	POTUS	WEINER	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	WHANG	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	WHANG	[illegible]	[illegible]	[illegible]
	RESIDENCE	POTUS	WHANG	IK	112236	21:19
	RESIDENCE	POTUS	WHANG	MEE	112036	21:19
	RESIDENCE	POTUS	WHITE	JUDITH	063063	18:41
	RESIDENCE	POTUS	WHITE	MAUREEN	110353	18:41
	RESIDENCE	POTUS	WIESSMANN	ROBIN	031463	18:41
	RESIDENCE	POTUS	WILLIAMS	KRITHIE	041568	21:19
	RESIDENCE	POTUS	YI	MICHAEL	062662	18:41
	RESIDENCE	POTUS	YIM	SUNG	000000	18:41
	RESIDENCE	POTUS	YOO	CHONG	000000	18:41
	RESIDENCE	POTUS	YOON	YEO	000000	18:41
	RESIDENCE	POTUS	ZUMWALT	JAMES	041356	21:19

S 020077

DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
950727	RESIDENCE	MITCHELL	HIGGINBOTH	NORMAN	050639	18:11
	RESIDENCE	MITCHELL	MATTHEWS	VINCENT	032021	17:03
	RESIDENCE	MITCHELL	PARKER	JOE	090547	18:23
	RESIDENCE	MITCHELL	ROBINSON	LOUIS	070823	17:49
	RESIDENCE	MITCHELL	SCURLOCK	JAMES	121622	17:52
	RESIDENCE	SCOUTEN	DEBNAM	BETTY	102330	18:22
	RESIDENCE	MITCHELL	PASCHALL	ALVIE	031922	18:22
	RESIDENCE	MITCHELL	PARADAN	MAURICE	042[illegible]	[illegible]:07
	RESIDENCE	MITCHELL	MARSHALL	CHARLES	021[illegible]	[illegible]:28
	RESIDENCE	MITCHELL	MINOR	CATALINO	112[illegible]	[illegible]:48
	RESIDENCE	MITCHELL	BELL	CHARLES	041923	17:47
	RES	FLOTUS	BENSIMMON	LYDIA	112497	9:42
	RESI	SCOUTEN	DEBNAM	BETTY	102330	9:42
	RESIDENCE	FREEMEYER	SMITH	BARB[illegible]	060[illegible]	[illegible]
	RESIDENCE	POTUS	BARTLETT	TRACY	092870	[illegible]:04
950728	RESIDENCE	MITCHELL	MANLEY	XAVIER	081647	[illegible]:30
	RESIDENCE	MITCHELL	JERMAN	ANGELA	013062	19:00
	RESIDENCE	MITCHELL	PAJE	JOSEPH	031776	18:48
	RESIDENCE	MITCHELL	ROWE	MILTON	110225	19:16
	RESIDENCE	MITCHELL	ROWE	MYRON	110[illegible]	[illegible]
	RESIDENCE	MITCHELL	JEFFRIES	JAMES	102[illegible]	[illegible]
	RESIDENCE	ALLMAN	WURZ	NELSON	051[illegible]	[illegible]
	RESIDENCE	MITCHELL	MCCLUNEY	ANNIE	011343	19:10
	RESIDENCE	MITCHELL	TUCK	DONALD	011363	18:53
	RESIDENCE	MITCHELL	MOORE	ERIC	070477	18:23
	RESIDENCE	SCOUTEN	NEWSOME	DONALD	051[illegible]	[illegible]
	RESIDENCE	MITCHELL	PASCUA	JEREMY	122[illegible]	[illegible]
	RESIDENCE	WHITE	MOOUEY	KEVIN	022[illegible]	[illegible]
	RESIDENCE	MITCHELL	MAYS	JAMES	052252	16:39
	RESIDENCE	MITCHELL	COREY	JANICE	072441	19:22
	RESIDENCE	MITCHELL	HALL	JAMES	031833	8:24
	RESI	BARRETT	HANS	BENJAMIN	070[illegible]	[illegible]
	RESIDENCE	WHITE	BUCKMAN	RAYMOND	081[illegible]	[illegible]
	RESIDENCE	WHITE	BUCKMAN	RAYMOND	081[illegible]	[illegible]
	USHERS OFC	WHITE	LEWIS	CLARK	081[illegible]	8:37
	RES	LUCB	CHESHIRE	RAYMOND	082269	13:36
	USHERS OFC	WHITE	LEWIS	MARGARET	052456	8:37
	RESI	BARRETT	JOLLY	VESSITA	122[illegible]	[illegible]
	RESIDENCE	MICHEL	LABE	CHARLES	090[illegible]	[illegible]
	RESIDENCE	FLOTUS	MELLOUP	SIMON	051[illegible]	[illegible]
	RESI	SCOTEN	KYU	KIMBONG	030461	14:10
	RES	BARRETT	JOLLY	ELEANOR	022856	13:03
	RESIDENCE	WHITE	COLLAIZZI	GLORIA	120333	8:43
	RESI	SCOUTEN	SHIM	HYOUNG	112[illegible]	[illegible]
	RESIDENCE	WHITE	MOOUEY	KEVIN	022[illegible]	[illegible]
	USHERS OFC	WHITE	LEWIS	RICHARD	052[illegible]	[illegible]
	RESI	SCOUTEN	MAILLARD	EUGENE	012753	14:04
	RESIDENCE	MOELLER	ILLIGASCH	ROLAND	090266	13:13
	USHERS OFC	WHITE	LEWIS	PRESTON	041186	8:37
	RESIDENCE	MOELLER	WARTA	JOSEPINE	010320	13:13
	RES	BARRETT	JOLLY	MELISSA	092[illegible]	[illegible]
	RESIDENCE	MICKLEY	MELTON	REGGIE	090[illegible]	[illegible]
	RESIDENCE	FIRST	FULLER	JAMES	022746	15:24
950730	RESIDENCE	MITCHELL	NELSON	SARAH	060476	13:50
	RESIDENCE	MITCHELL	NELSON	STEPHANIE	021673	13:50
950731	RES	CLINTON	PEREZ	LISA	071187	10:33
	RESIDENCE	FREEMYER	ROBERTS	MARY	040711	9:20



S 020078

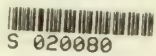


DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
950731	RESIDENCE	FREEMYER	ROBERTS	LORI	060461	9:20
	RESIDENCE	FREEMYER	STRANGE	DOUGLAS	071050	9:22
	RESIDENCE	FREEMYER	ROBERTS	VICTOR	082012	9:19
	RESIDENCE	SCOUTEN	SANT	VICTORIA	071933	10:27
	RESIDENCE	FREEMYER	ROBERTS	LINDA	072140	9:19
	RESIDENCE	FREEMYER	ROBERTS	DAVID	121340	9:19
	RESIDENCE	SCOUTEN	VICKRAM	ANNE	102733	15:27

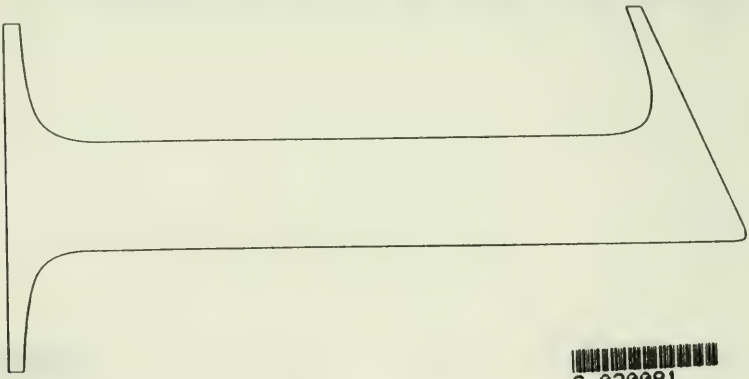
S 020079

DATE	BADGE #	TYPE	BLDG	ROOM	REQUESTOR	LNAME	FNAME	DOB	ARR. TIME
950720	34B840	VE	WH	RESIDENCE	SAENZ	RODRIGUEZ	RITO	012137	14:01
950720	34BF22	VE	WH	RESIDENCE	SAENZ	MIRANDA	JOSE	[illegible]	[illegible]
950720	34BF65	VE	WH	RESIDENCE	SAENZ	TAWEEL	BISHARA	[illegible]	[illegible]
950720	34CFDD	VE	WH	RESIDENCE	SAENZ	CILIBERTY	FERNANDO	[illegible]	[illegible]
950720	34D53A	VE	WH	RESIDENCE	SAENZ	COLA	EMILIO	010233	13:52
950721	34E471	VN	WH	RESIDENCE	WALTERS	HALL	JAMES	031833	7:15
950721	34E473	VE	WH	RESIDENCE	SAENZ	RODRIGUEZ	RITO	012137	7:35
950724	34A31D	VE	WH	RESIDENCE	SAENZ	RODRIGUEZ	RITO	[illegible]	[illegible]
950724	34A906	VE	WH	RESIDENCE	SAENZ	MIRANDA	JOSE	[illegible]	[illegible]
950724	34E439	VE	WH	RESIDENCE	TIMBRICK	RAMIREZ	BRUCE	[illegible]	[illegible]
950725	34C6D7	VE	WH	RES	SAENZ	RODRIGUEZ	RITO	012137	17:42
950725	34DEC4	VE	WH	RES	CLIBER	RICE	STEVEN	081663	10:37
950726	080817	VE	WH	RESIDENCE	WALTERS	LESLIE	CHRISTOPHE	031069	13:19
950726	112276	VE	WH	RESIDENCE	WALTERS	TURNER	DAVE	[illegible]	[illegible]
950726	111031	VE	WH	RESIDENCE	WALTERS	KEATING	JOHN	[illegible]	[illegible]
950727	000017	GO	WH	RESIDENCE	WALTERS	STAPLES	MITCHELL	[illegible]	[illegible]
950727	000030	VE	WH	RESIDENCE	WALTERS	KEATING	JOHN	012268	18:43
950727	000110	GO	WH	RESIDENCE	WALTERS	LESLIE	CHRISTOPHE	031069	13:02
950727	000129	VE	WH	RESIDENCE	WALTERS	LESLIE	CHRISTOPHE	031069	18:46
950727	000132	GO	WH	RESIDENCE	WALTERS	CHAPPELL	WILLIAM	[illegible]	[illegible]
950727	000132	GO	WH	RESIDENCE	WALTERS	TURNER	DONALD	[illegible]	[illegible]
950727	000146	GO	WH	RESIDENCE	WALTERS	PATEL	JAMES	[illegible]	[illegible]
950727	000196	GO	WH	RESIDENCE	WALTERS	DOCKERY	JAMES	030641	7:42
950727	000196	GO	WH	RESIDENCE	WALTERS	KEATING	JOHN	012268	13:02
950727	000333	VE	WH	RESIDENCE	WALTERS	TURNER	PAUL	051467	18:46
950727	34A6C6	VE	WH	RESIDENCE	WALTERS	ROCHA	[illegible]	[illegible]	[illegible]
950727	34A732	VE	WH	RESIDENCE	SAENZ	RODRIGUEZ	RITO	[illegible]	[illegible]
950727	34ABDD	VE	WH	RESIDENCE	SAENZ	MIRANDA	JOSE	[illegible]	[illegible]
950727	34AA26	GO	WH	RESIDENCE	WALTERS	STAPLES	MITCHELL	042861	16:43
950727	34AC18	VE	WH	RESIDENCE	SAENZ	MARTINEZ	RUBEN	110949	18:17
950727	34AD61	VE	WH	RESIDENCE	SAENZ	PAREDEZ	BERNADE	061143	13:06
950727	34AE9A	VE	WH	RESIDENCE	SAENZ	CADILLO	[illegible]	[illegible]	[illegible]
950727	34B056	VE	WH	RESIDENCE	SAENZ	PRECIADO	ALEXIS	[illegible]	[illegible]
950727	34B0D3	VE	WH	RESIDENCE	SAENZ	VERA	ARTHUR	[illegible]	[illegible]
950727	34B446	VE	WH	RESIDENCE	SAENZ	CABEZAS	NELSON	051459	19:01
950727	34B63E	VE	WH	RESIDENCE	SAENZ	QUINTANILL	CARLOS	110940	17:89
950727	34BC41	VE	WH	RESIDENCE	SAENZ	EVERETT	VON	070631	13:03
950727	34BCBA	VE	WH	RESIDENCE	SAENZ	BASI	MOHAMED	[illegible]	[illegible]
950727	34C937	VE	WH	RESIDENCE	SAENZ	FALCON	HECTOR	[illegible]	[illegible]
950727	34CCDD	VE	WH	RESIDENCE	SAENZ	MOZANO	RUBEN	[illegible]	[illegible]
950727	34D0A1	VE	WH	RESIDENCE	SAENZ	BECERRA	JORGE	020289	19:03
950727	34D0AC	VE	WH	RESIDENCE	SAENZ	AGUILAR	LEONARDO	040352	19:03
950727	34D620	VN	WH	RESIDENCE	SAENZ	TAWEEL	BISHARA	033141	18:56
950727	34DC91	VE	WH	RESIDENCE	SAENZ	DAVILA	JORGE	[illegible]	[illegible]
950727	34DC99	VE	WH	RESIDENCE	SAENZ	CAMACHO	MAURICIO	[illegible]	[illegible]
950727	34DC9B	VE	WH	RESIDENCE	SAENZ	DAVILA	JORGE	[illegible]	[illegible]
950727	34DCA3	VE	WH	RESIDENCE	SAENZ	FERNANDES	JOSE	020434	19:04
950728	000065	GO	WH	RESIDENCE	WALTERS	CHAPPELL	WILLIAM	082630	7:56
950728	000132	GO	WH	RESIDENCE	WALTERS	DOCKERY	JAMES	030641	7:53
950728	000177	GO	WH	RESIDENCE	WALTERS	FRIEL	JAMES	082967	7:[illegible]
950728	34A5B2	VE	WH	RESI	SAENZ	MIRANDA	JOSE	[illegible]	[illegible]
950728	34A6A0	VE	WH	RESIDENCE	SAENZ	PARBOUR	NICOLAS	[illegible]	[illegible]
950728	34AA87	VE	WH	RESIDENCE	SAENZ	CILIBERTY	FERNANDO	032838	13:43
950728	34AE88	VE	WH	RESIDENCE	SAENZ	RODRIGUEZ	RITO	012137	8:43
950728	34AF6F	VE	WH	RESIDENCE	SAENZ	CILIBERTY	FERNANDO	032838	8:47
950728	34B446	VE	WH	RESI	SAENZ	RODRIGUEZ	RITO	012137	7:88
950728	34C77D	VN	WH	RESIDENCE	SAENZ	CARVALHO	LUIS	110650	9:50

July 29 [illegible]
WUMFEAS



DATE	BADGE #	TYPE	BLDG	ROOM	REQUESTOR	LNAME	FNAME	DOB	ARR. TIME
950728	34C8AC	VE	WH	RESIDENCE	SAENZ	TELLEZ	RAUL	010161	15:09
950728	34C976	VE	WH	RESIDENCE	SAENZ	MARTINEZ	RICARDO	041[802	18:33
950728	34CFDD	VE	WH	RESIDENCE	SAENZ	OLIVA	LUIS	032[82	13:37
950728	34D3D4	VE	WH	RESIDENCE	SAENZ	HERNANDEZ	LUIS	080[43	18:32
950728	34DCA3	VE	WH	RESIDENCE	SAENZ	PUSTER	MICHELE	111168	18:36
950731	34A82B	VE	WH	RESIDENCE	MITCHELL	FOOTE	PHILIP	080851	9:01



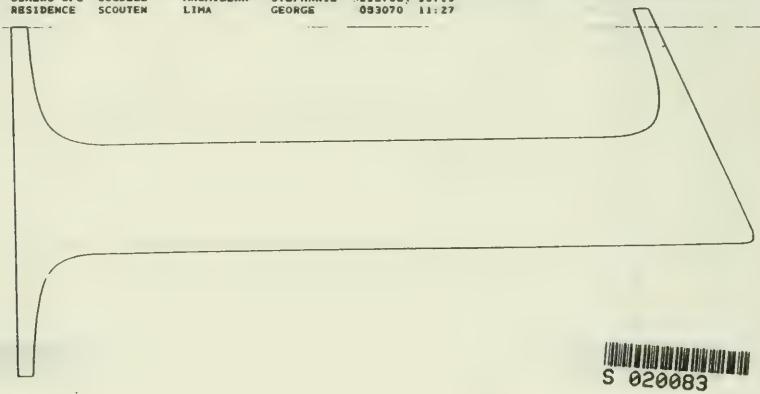
S 020081

DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR	TIME
930801	RES	SCOUTEN	BALLANTINE	BARBARA	052735	11:32	
930801	RES	SCOUTEN	BERNARD	CHRISTO	111067	11:32	
930801	RES	SCOUTEN	BLACKABY	JAMES	083144	11:32	
930801	RES	SCOUTEN	BRISCOE	WANDA	092166	11:32	
930801	RES	SCOUTEN	CANNON	LINDA	100140	11:32	
930801	RES	SCOUTEN	CHRISTINA	JENNIFER	053073	11:32	
930801	RES	SCOUTEN	CHRISTINA	MICHELLE	121166	11:32	
930801	RES	SCOUTEN	DAVIS	KAREN	112682	11:32	
930801	RES	SCOUTEN	DIPANIS	ANITA	071037	11:32	
930801	RES	SCOUTEN	ERDMAN	MARGARET	030461	11:32	
930801	RES	SCOUTEN	FIELD	PATRICIA	120639	11:32	
930801	RES	SCOUTEN	GOMEZ	LAURA	073068	11:32	
930801	RES	SCOUTEN	IGOE	KATHRYN	020550	11:32	
930801	RES	SCOUTEN	KARLGAARD	JOANNA	102472	11:32	
930801	RES	SCOUTEN	KIM	JUDY	032770	11:32	
930801	RES	SCOUTEN	KITCHIN	LEWIS	111169	11:32	
930801	RES	SCOUTEN	LANTOS	LAUREN	041763	11:32	
930801	RES	SCOUTEN	MILLER	KEVIN	071081	11:32	
930801	RES	SCOUTEN	MORTON	EARL	030549	11:32	
930801	RES	SCOUTEN	MOYER	ROGER	070962	11:32	
930801	RES	SCOUTEN	ODONNELL	SUSANNAH	022868	11:32	
930801	RES	SCOUTEN	SPRIGGS	KIMBERLY	012766	11:32	
930801	RES	SCOUTEN	TOTH	LORILI	020958	11:32	
930801	RES	SCOUTEN	URNESS	MIKE	040864	11:32	
930801	RES	SCOUTEN	WALKER	KRISTI	111966	11:32	
930801	RES	SCOUTEN	WECHSLER	HELENE	020862	11:32	
930801	RESIDENCE	TEDERICK	BROWN	CLIFTON	033154	14:44	
930801	RESIDENCE	SCOUTEN	MEYERS	BRENDA	040706	13:04	
930801	RES	SCOUTEN	CANTALAMES	RAMIERO	072224	9:34	
930801	RESIDENCE	MITCHELL	ROBINSON	LOUIS	070823	7:04	
930801	RESIDENCE	MITCHELL	ROWE	MILTON	110725	7:12	
930801	RESIDENCE	NESNIER	CALVIN	LINDA	071296	14:27	
930801	RESIDENCE	TEDERICK	CRUMP	DONALD	031429	14:44	
930801	RESIDENCE	DESO	VILLALL	MICHAEL	040692	10:42	
930801	RESIDENCE	SCOUTEN	BRANCATO	CHARLES	033031	9:32	
930801	RESIDENCE	MITCHELL	MEHLBURGER	KATHERINE	020775	13:24	
930801	RES	FULGHUM	VICARI	ABIGAIL	030960	11:16	
930801	RESIDENCE	TEDERICK	BARRACK	CHARLES	030643	14:44	
930801	RES	FULGHUM	VICARI	SERGIO	070738	11:17	
930801	RES	SCOUTEN	BLACKABY	JAMES	083144	11:13	
930801	RES	FULGHUM	BARKER	DAVID	032552	11:16	
930801	RESIDENCE	DESO	TEVAULT	DAVID	072348	10:47	
930801	RESIDENCE	SCOUTEN	BRANCATO	LYDIA	050129	9:32	
930802	RESI	MUDD	JOHNSON	RONALD	071684	13:56	
930802	RESI	MUDD	NEWELL	WILLY	070633	13:56	
930802	RESI	MUDD	WEST	TOGO	081142	13:56	
930802	RESIDENCE	ALLEN	OLDFIELD	MISAO	110459	14:18	
930802	RES	TEDERICK	CRUMP	DONALD	031429	16:24	
930802	RESIDENCE	SCOUTON	LEVY	HERBERT	121824	12:16	
930802	RESI	SHANKS	MUNIO	BRIANO	061382	18:47	
930802	RESI	SHANKS	MUNIO	DANIEL	060186	18:47	
930802	RESI	SHANKS	MUNIO	RICHARD	061246	18:47	
930802	RESIDENCE	FREEMEYER	CERVANTES	RAFAEL	100939	13:33	
930802	RESIDENCE	SUDDUTH	JAIN	SUSHIL	092055	12:36	
930802	RESIDENCE	SCOUTEN	SHAUGHNESS	PEGGY	081255	13:54	
930802	RESIDENCE	SCOUTEN	SHAUGHNESS	SEAN	061655	13:54	
930802	RESIDENCE	FREEMEYER	STANLEY	AVIS	121542	13:17	

Aug 93-
First 10 Days



DATE	ROOM	VISITEE	VISITOR	FNAME	DOB	ARR. TIME
950802	RESIDENCE	HANEY	TORRANCE	BRIAN	122056	13:10
950802	RESIDENCE	FREEMEYER	DREWER	WILLIAM	011252	13:33
950802	RESI	SHANKS	MUNIO	DEBORAH	120452	18:47
950803	RESIDENCE	SCOUTEN	ABLE	EDWARD	062484	11:31
950803	RESIDENCE	SCOUTEN	ABRAMSON	ANNE	072488	11:31
950803	RESIDENCE	SCOUTEN	ADAMS	ROXANA	122746	11:31
950803	RESIDENCE	SCOUTEN	ATWATER	SHELON	103058	11:31
950803	RESIDENCE	SCOUTEN	CONLEY	KEVIN	021167	11:31
950803	RESIDENCE	SCOUTEN	FULLWOOD	RITA	070854	11:31
950803	RESIDENCE	SCOUTEN	HALL	JASON	072288	11:31
950803	RESIDENCE	SCOUTEN	JEPSEN	SARAH	081672	11:31
950803	RESIDENCE	SCOUTEN	KITCHEN	LEWIS	031169	11:31
950803	RESIDENCE	SCOUTEN	LIMA	GEORGE	053070	11:31
950803	RESIDENCE	SCOUTEN	MADERAL	ANTHONY	120868	11:31
950803	RESIDENCE	SCOUTEN	MATSUMOTO	HIDETAKA	012178	11:31
950803	RESIDENCE	SCOUTEN	MCCARTHY	MEG	011452	11:31
950803	RESIDENCE	SCOUTEN	MCRAE	FRANCINE	062269	11:31
950803	RESIDENCE	SCOUTEN	MURPHY	ANNE	042088	11:31
950803	RESIDENCE	SCOUTEN	STORR	ANN	012054	11:31
950803	RESIDENCE	SCOUTEN	TREVINO	MARK	090172	11:31
950803	RESIDENCE	SCOUTEN	VOSBURGH	PAM	100158	11:31
950803	RESIDENCE	SCOUTEN	WOOD	MARY	060368	11:31
950803	RESIDENCE	FLOTUS	DIMENTA	JOE	041447	13:11
950803	RESI	POTUS	KADAN	LEWIS	032442	8:19
950803	RESI	POTUS	MCLELLAND	STAN	031845	8:35
950803	RESI	POTUS	HARMON	JAMES	020159	8:41
950803	RESIDENCE	SCOUTEN	ATWATER	SHELON	070158	8:45
950803	RESIDENCE	FLOTUS	BERLIN	KEVIN	021658	8:45
950803	RESI	POTUS	GINARTE	JOSEPH	020257	8:45
950803	RESIDENCE	FLOTUS	LEVY	MARK	062849	15:51
950803	RESI	POTUS	SMITH	WAYNE	121045	8:53
950803	RESIDENCE	POTUS	BARRIE	ROBERT	031258	8:57
950803	RESIDENCE	FLOTUS	FEINMAN	BARBARA	012458	8:57
950803	RESIDENCE	SCOUTEN	MURPHY	ANNE	042088	8:57
950803	RESI	POTUS	PATRICOF	SUSAN	030343	8:26
950803	RESI	POTUS	MCGOWAN	GERALD	090346	8:10
950803	RESIDENCE	SCOUTEN	KITCHEN	LEWIS	031169	11:26
950803	RESI	POTUS	WHEELER	THOMAS	011653	8:10
950803	RESIDENCE	SCOUTEN	FULLWOOD	RITA	070854	11:26
950803	RESIDENCE	FLOTUS	MARSHALL	KATHY	081254	13:11
950803	RESIDENCE	SCOUTEN	ADAMS	ROXANA	122746	11:26
950803	RESIDENCE	ALLEN	COLSTON	HUGH	100958	12:25
950803	RESIDENCE	SCOUTEN	JEPSEN	SARAH	081672	11:28
950803	VISIT	POTUS	BRANSON	DEBBIE	032952	8:10
950804	RESIDENCE	MITCHELL	BELL	CHARLES	012252	10:30
950804	RESIDENCE	MITCHELL	CILIBERTY	FERNANDO	012252	10:30
950804	RESIDENCE	MITCHELL	HALL	JAMES	031833	10:30
950804	RESIDENCE	MITCHELL	ROBINSON	LOUIS	070823	10:30
950804	RESIDENCE	MITCHELL	ROWE	MILTON	110725	10:30
950804	RESI	CHELSEA	BERKOFF	NATHAN	041779	22:08
950804	RES	CHELSEA	BLAYLOCK	JORDAN	101578	22:08
950804	RESIDENCE	SCOUTEN	KENNEDYKEE	FRANMARIE	0020648	12:32
950804	RESIDENCE	MARIANO	ROBERTS	ALLEN	122353	11:23
950804	RESIDENCE	SHANKS	FOSTER	DEONDRA	012984	10:55
950804	USHERS OFC	COGDELL	HULL	LISA	020759	16:19
950804	USHERS OFC	COGDELL	MACMILLAN	STEPHANIE	112782	16:19
950804	RESIDENCE	SCOUTEN	LIMA	GEORGE	053070	11:27



REDACTED

05889

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen MarTins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 6-28, 6-29 And 7-3 -as TIME

EVENT ExTRa Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $312.00

APPROVAL:

Ryn Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020330

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05890

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-4, 7-5 And 7-7 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
23 Worked The Holiday	19.50 x 7 hrs. OT 13.00 x 16 hrs. Reg holiday	136.50 208.00
8		104.00
8		104.00
	AMOUNT DUE:	$ 552.50

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020331

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05891

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-8-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00

AMOUNT DUE: $104.00

APPROVAL: Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE

Acct #

S 020332

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05891

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-8-95 TIME

EVENT Extra Help for Hsk

HOURS WORKED	RATE	TOTAL
8		104.00

AMOUNT DUE: $104.00

APPROVAL:

Ken Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020332

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00604

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-9, 7-10 and 7-11-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
12 Worked 4hrs OT For HSK	13.00 x 8hrs Reg 19.50 x 4hrs OT	104.00 78.00
8		104.00
8		104.00
AMOUNT DUE:		$ 390.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE.

Acct. #

S 020333

REDACTED

00605

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-13, 7-14 and 7-17-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	312.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020334

REDACTED

00617

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER [redacted]

ADDRESS [redacted]

DATE 7-18, 7-19 and 7-20-95 TIME _____

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
	13.00 Shift Reg	104.00
1	19.50 x 3hrs OT	58.50
8	19.50 x 8hrs OT	156.00
8		104.00
	AMOUNT DUE:	422.50

APPROVAL:

Kim Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE

Acct. # _____

S 020335

REDACTED

00607

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-21 and 7-22-95 TIME

EVENT Extra Help for HST

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00

AMOUNT DUE: $208.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020336

REDACTED

00623

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martinez

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-23, 7-24 and 7-25-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
14 Worked 6 hrs OT for HSK	19.50 x 6 hrs OT	117.00
	13.00 x 8 hrs Reg	104.00
14 Worked 6 hrs OT for HSK	19.50 x 6 hrs OT	117.00
	13.00 x 8 hrs Reg	104.00
8		104.00

AMOUNT DUE: $546.00

APPROVAL:

Ken Hunt

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martinez
Signature

FOR ACCOUNTING USE:

Acct. #

S 020337

REDACTED

00624

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER [redacted]

ADDRESS [redacted]

DATE 7-26, 7-27 And 7-28-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8 Worked 8hrs. OT For HSK	19.50 x 8hrs. OT	156.00
	19.50 x 8hrs OT	156.00
16	13.00 x 8hrs Reg	104.00
16	19.50 x 8 hrs. OT	156.00
[redacted]	13.00 x 8hrs Reg	104.00
	AMOUNT DUE:	$676.00

APPROVAL:

Rex Jane

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. # _____

S 020338

REDACTED

00625

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-31, 8-1 And 8-3-95 TIME

EVENT Extra Help For H:K

HOURS WORKED	RATE	TOTAL
8		104 00
8		104 00
8		104 00

AMOUNT DUE: $ 312 00

APPROVAL:

Ron Klink

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020339

REDACTED

00626

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-4 And 8-5-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
10	13.00 x 8 hrs Reg	104.00
3	19.50 x 2 hrs OT	39.00

AMOUNT DUE: $747.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020340

1203

REDACTED

00644

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-6, 8-7 and 8-8-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ken Jaw

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020341

REDACTED

00645

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-9 8-16 and 8-11-95 TIME

EVENT Extra Help For Hsk

HOURS WORKED	RATE	TOTAL
8		164.67
8		164.67
12		
8	19.50 x 12 hrs. CT	234.67

AMOUNT DUE: $ 442.67

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

Acct. #

S 020342

REDACTED

00646

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-14, 8-15 and 8-16-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		164.00
8		164.00
8		164.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ken Ivers

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

ACCT. #

S 020343

REDACTED

00647

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER.

ADDRESS.

DATE 8-17 and 8-18-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.17
8		104.17

AMOUNT DUE: $ 208.17

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020344

1207

REDACTED

00955

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-28, 8-29 And 8-30-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	312.00

APPROVAL:

Ron Jore

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins

Signature

FOR ACCOUNTING USE:

Acct. #

S 020345

REDACTED

00956

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Carmen Martins

SOCIAL SECURITY NUMBER _____

ADDRESS _____

DATE 8-31, 9-1 and 9-2-95 TIME _____

EVENT Extra Help

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8	19.50 x 8 hrs OT	156.00

AMOUNT DUE: $ 364.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Carmen Martins
Signature

FOR ACCOUNTING USE:

ACCL # _____

S 020346

1209

REDACTED

00956

THE WHITE HOUSE
~~PERSONAL SERVICES VOUCHER~~

NAME Carmen Martins

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-31, 9-1 and 9-2-95 TIME

EVENT Extra Help

HOURS WORKED	RATE	TOTAL
8		104 00
8		104 00
8	19.50 x 8hrs OT	156 00

AMOUNT DUE: $ 364 00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCT. #

S 020347

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05892

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 6-29, 6-30 And 7-1-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCT. #

S 020348

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05893

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-2, 7-3 And 7-4-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
16	Worked Holiday	208.00

AMOUNT DUE: $416.00

APPROVAL: Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020349

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05894

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-5, 7-6 And 7-7-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020350

REDACTED

00608

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRES

DATE 7-11, 7-12 and 7-13-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Silvia da Silva
Signature

FOR ACCOUNTING USE:

ACCT. #

S 020351

REDACTED

00608

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRES

DATE 7-11, 7-12 and 7-13-95 TIME

EVENT EXTRA Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCL #

S 020351

REDACTED

00609

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-14, 7-15 and 7-16-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $312.00

APPROVAL:

Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCL #

S 020352

REDACTED

00610

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-18, 7-19 and 7-20-95 TIME

EVENT Extra Help For Hsk

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8	13.00 x 8 hrs Reg	104.00
814	19.50 x 6 hrs OT	117.00
	AMOUNT DUE:	429.00

APPROVAL:

Ron Jewell

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Silvia da Silva
Signature

FOR ACCOUNTING USE:

ACCL #

S 020353

REDACTED

00611

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Silvia Da Silva

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-21 and 7-22-95 TIME

EVENT Extra Help for Hair

HOURS WORKED	RATE	TOTAL
11	13.00 x 8hrs Reg 19.50 x 3hrs OT	104.00 58.50
8	19.50 x 8hrs OT	156.00

AMOUNT DUE: $318.50

APPROVAL:

Tom Jarvis

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020354

REDACTED

05897

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 6-29, 6-30 And 7-1-95 TIME

EVENT Extra Help For HSK

HOURS WORKED		RATE	TOTAL
10	Worked 2 hrs. OT For HSK	19.50 x 2 hrs OT 13.00 x 8 hrs. Reg	39.00 104.00
8			104.00
8		19.50 x 8 hrs OT	156.00
		AMOUNT DUE:	$403.00

APPROVAL:

Kevin Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020355

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

15898

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-4, 7-5 AND 7-6-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
23 Worked Holiday	19.50 x 7 hrs. OT 13.00 x 16 hrs. Holiday	136.50 208.00
8		104.00
8		104.00
	AMOUNT DUE:	$552.50

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCT. #

S 020356

REDACTED

05899

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-7 and 7-8-95 TIME

EVENT Extra Help for HSK.

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00

AMOUNT DUE: $ 208.00

APPROVAL

Ken Ikner

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

ACCT. #

S 020357

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00613

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-10, 7-11 and 7-12-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
15 Worked 7hrs OT Reception on	13.00 x 8hrs. Reg 19.50 x 7hrs. OT	104.00 136.50
14 Worked 8hrs OT Reception	13.00 x 8hrs. Reg 19.50 x 6hrs. OT	104.00 117.00
8		104.00
	AMOUNT DUE:	$ 565.50

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020358

REDACTED

00614

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER _

ADDRESS

DATE 7-13, 7-14 and 7-17-95 TIME _____

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $312.00

APPROVAL:

Ken Jose

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. # _____

S 020359

REDACTED

00615

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-18 7-20 and 7-21-95 TIME

EVENT Extra Help for HSR

HOURS WORKED	RATE	TOTAL
8		104.00
15	13.00 x 8hrs Reg 19.50 x 7hrs CT	104.00 136.50
10	13.00 x 8hrs Reg 19.50 x 2hrs OT	104.00 39.00

AMOUNT DUE: 487.50

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020360

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00616

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-22-95 TIME

EVENT Extra Help For Nat

HOURS WORKED	RATE	TOTAL
8		104.00

AMOUNT DUE: $ 104.00

APPROVAL:

Lynn Price

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020361

REDACTED

00627

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-24, 7-25 And 7-26-95 TIME

EVENT Extra Help For Hsk

HOURS WORKED	RATE	TOTAL
8		104.00
	13.00 x 8 hrs. Reg	104.00
10	19.50 x 2 hrs. OT	39 00
	13.00 x 8 hrs Reg	104 00
10	19.50 x 2 hrs OT	39 00

AMOUNT DUE: $ 390 00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020362

REDACTED

00628

THE WHITE HOUSE
~~PERSONAL SERVICES VOUCHER~~

NAME Bernard Ward

SOCIAL SECURITY NUMBE

ADDRESS

DATE 7-27, 7-28 and 7-29-95 TIME

EVENT Extra Help For NSC

HOURS WORKED	RATE	TOTAL
	13.00 x 8 hrs. Reg	104.00
18	19.50 x 10 hrs. OT	195.00
8		104.00
8	19.50 x 8 hrs. OT	156.00
	AMOUNT DUE:	559.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

ACCL #

S 020363

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00629

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-31, 8-1 And 8-2-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104 OT
10 Worked 2 hrs OT For HSK		104 OT 39 OT
~~Worked 2 hrs~~ 10 OT For HSK		104 OT 39 OT

AMOUNT DUE: $390 OT

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020364

REDACTED

00630

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-3, 8-4 And 8-5-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8	19.50 x Shift CT	156.00

AMOUNT DUE: $ 364.00

APPROVAL:

Kim Jewell

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020385

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00648

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-7, 8-8 and 8-9-95 TIME

EVENT Extra Help For H&K

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
14 (worked 6 hrs OT For H&K)	13 hours Reg 19.50 x 6 hrs OT	104.00 117.00

AMOUNT DUE: $ 429.00

APPROVAL:

K. Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020366

REDACTED

THE WHITE HOUSE
~~PERSONAL SERVICES VOUCHER~~

00649

NAME Richard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-10, 8-11 and 8-12-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
13 (Work'd 5 hrs + Prep Briefing)	19.50 x 5 hrs CT	104 CT 97.50
8		104 CT
8 (Work'd 5 hrs + Prep Brief)	19.50 x 8 hrs CT	156 CT
	AMOUNT DUE:	$461.50

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020367

REDACTED

00650

THE WHITE HOUSE
~~PERSONAL SERVICES VOUCHER~~

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-15 8-16 and 8-17-95 TIME

EVENT Extra Help For H:K

HOURS WORKED	RATE	TOTAL
8		104.17
8		104.17
8		104.17

AMOUNT DUE: $ 312.50

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020388

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

10950

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-18 and 8-19-95 TIME

EVENT Extra Help For Nsk

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00

AMOUNT DUE: $ 208.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020369

REDACTED

0095

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ford

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-21, 8-22 And 8-23-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020870

REDACTED

00960

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Bernard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-24 8-25 And 8-29-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020371

REDACTED

00961

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Leonard Ward

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-30, 8-31 And 9-1-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
12 (working 4hrs: 8 Reg + 4 hrs OT For HSK)	13.00×8 hrs. Reg 19.50×4 hrs. OT	104.00 78.00

AMOUNT DUE: $ 390.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020372

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05885

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 6-30; 7-1 And 7-3 '95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL: Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020373

REDACTED

05886

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-4, 7-5 And 7-6 TIME

EVENT Extra Help For Hsk

HOURS WORKED	RATE	TOTAL
23	19.50 x 7 hrs OT 13.00 x 16 hrs Reg Holiday	136.50 208.00
8		104.00
8		104.00
	AMOUNT DUE:	$552.50

APPROVAL:

Jose

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020374

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

05887

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-7-95 TIME

EVENT Extra Help For Hsk

HOURS WORKED	RATE	TOTAL
8		104.00

AMOUNT DUE: $104.00

APPROVAL: Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020375

REDACTED

05900

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-11, 7-12 and 7-13-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	$312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020376

1240

REDACTED

00601

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-14, 7-15 and 7-17-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	$ 312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020377

REDACTED

00602

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeno

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-18, 7-19 and 7-20-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	312.00

APPROVAL

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020378

REDACTED

00603

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-21-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00

AMOUNT DUE: $104.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

ACCL #

S 020379

REDACTED

00619

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-25, 7-26 And 7-27-95 TIME

EVENT Extra Help for Hsk

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
12 (Worked 4hrs OT State Dinner)	13.00 x 8hrs. Reg 19.50 x 4hrs OT	104.00 78.00
	AMOUNT DUE:	$ 390.00

APPROVAL:

Thom Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020380

REDACTED

00620

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 7-28, 7-29 And 7-31-95 TIME

EVENT Extra Help for HSK

HOURS WORKED	RATE	TOTAL
12 Worked 4hrs. OT For HSK	13.00 x 8hrs Reg 19.50 x 4hrs OT	104.00 78.00
8		104.00
8		104.00
	AMOUNT DUE:	$ 390.00

APPROVAL:

Ryan Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020381

REDACTED

00621

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-1, 8-2 and 8-3-95 TIME

EVENT Extra Help for Hsk

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL: Ken Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020382

REDACTED

00622

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echevna

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-4 and 8-5-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8 worked 8hrs OT For HSK	19.50 x 8hrs. OT	156.00
	AMOUNT DUE:	$ 260.00

APPROVAL: Ken Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020383

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00640

NAME Jose A Echeverria

SOCIAL SECURITY NUMBER _

ADDRESS

DATE 8-8, 8-9 and 8-10-95 TIME _____

EVENT Extra Help For H:E

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	$ 312.00

APPROVAL:

Thom Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. # _____

S 020384

REDACTED

00641

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-11, 8-12 and 8-14-95 TIME

EVENT EXTRA Help For H&K

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL

Ken Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020385

REDACTED

00642

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeverria

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-15, 8-16 and 8-17-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: B 312.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing.

Signature

FOR ACCOUNTING USE:

Acct. #

S 020386

REDACTED

00643

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echevarria

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-18 and 8-19-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8 Worked 8 hrs. OT For HSK	19.50 x 8 hrs. OT	156.00

AMOUNT DUE: $ 260.00

APPROVAL:

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020387

REDACTED

00951

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-22-, 8-23 And 8-24-95 TIME

EVENT Extra Help For Hck

HOURS WORKED	RATE	TOTAL
8		104 00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL:

Ron Gonzal

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020388

REDACTED

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

00952

NAME Jose A Echeverry

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-25, 8-26 And 8-28-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00

AMOUNT DUE: $ 312.00

APPROVAL: Ken Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020089

REDACTED

00953

THE WHITE HOUSE
PERSONAL SERVICES VOUCHER

NAME Jose A Echeona

SOCIAL SECURITY NUMBER

ADDRESS

DATE 8-29, 8-30 And 8-31-95 TIME

EVENT Extra Help For HSK

HOURS WORKED	RATE	TOTAL
8		104.00
8		104.00
8		104.00
	AMOUNT DUE:	$ 312.00

APPROVAL:

Ron Jones

I request payment for the amount shown above as compensation for services I performed and I understand that this is taxable income which must be reported to the Internal Revenue Service on my annual filing

Signature

FOR ACCOUNTING USE:

Acct. #

S 020390

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 The Houston Chronicle Publishing Company
The Houston Chronicle

April 29, 1996, Monday, 3 STAR Edition

SECTION: a; Pg. 1

LENGTH: 792 words

HEADLINE: Clinton gives taped testimony in McDougal bank fraud trial

BYLINE: NANCY MATHIS, Houston Chronicle Washington Bureau; Staff

DATELINE: WASHINGTON

BODY:

WASHINGTON - President Clinton testified on videotape for more than four hours Sunday as a defense witness for his former Whitewater partners on trial for unrelated bank fraud and conspiracy charges.

The content of the president's testimony will not be made public until it is presented at the trial for James and Susan McDougal and Arkansas Gov. Jim Guy Tucker.

Clinton, who is not accused of criminal wrongdoing in the case, was called to refute allegations made by chief prosecution witness David Hale. Hale alleges that Clinton, as Arkansas governor, pressured him to make an illegal Small Business Administration loan to Susan McDougal.

The McDougals, on trial with Tucker for allegedly benefiting from improper federal loans made by Hale, have denied the charges. Clinton has called Hale's accusations ""a bunch of bull. ''

""He has always said he would cooperate. He has had nothing to hide, will have nothing to hide and I think he will do very well today,'' said White House Chief of Staff Leon Panetta who appeared Sunday on ABC's This Week with David Brinkley.

""His position is that there was nothing improper in their relationship and he will testify to that,'' Panetta said prior to the deposition.

The McDougals and the Clintons were partners in an Arkansas land venture, the Whitewater Development Corp., that failed.

Independent counsel Kenneth Starr is investigating whether the Clintons benefited improperly from their relationship with the McDougals and James McDougal's failed thrift, Madison Guaranty Savings and Loan. A spinoff of the Whitewater probe resulted

The Houston Chronicle, April 29, 1996

in the indictment of the McDougals and Tucker.

Clinton testified from the White House's historic Map Room, where Franklin Roosevelt received his briefings on World War II, starting about 1:12 p.m. and ending at 5:38 p.m. (EDT).

Lawyers from all sides and the McDougals were present. U.S. District Judge George Howard Jr. monitored the deposition from his courtroom in Little Rock, Ark., through a secured satellite transmission.

A transcript of the deposition will be released after the videotape is played in the Little Rock courtroom. The date has not been scheduled. The videotape itself was sealed by court order and participants under instruction not to discuss it.

The White House wants to keep the videotape sealed to prevent its use in campaign commercials by Republicans.

""The fact of the matter is the Democrats wanted to have this deposition taken out of public view and done on videotape so President Clinton wouldn't have to testify in public,'' said Haley Barbour, the Republican Party chairman, to CNN.

Previous presidents also have testified on videotape. Gerald Ford and Jimmy Carter testified at criminal trials on tape.

Ronald Reagan, after leaving office, testified on videotape for the Iran-contra trial of Oliver North.

Also on Sunday, Newsweek magazine reported that Hillary Clinton's fingerprints were on the sought-after billing records, lost for two years and recovered last January. The records detailed her legal work on behalf of Madison and James McDougal.

Starr also is investigating how the billing records were lost and recovered at the White House. The White House dismissed the Newsweek report, noting Hillary Clinton may have handled the billing records in 1992 when they were moved to the Clinton campaign headquarters from her law firm.

Susan McDougal, posing with her ex-husband in front of the White House prior to the deposition, criticized the Whitewater investigators.

""I'm never going to be OK again. They've bullied my family.

They've bullied my parents. They've hurt everyone in my realm.

Every friend I have has been tortured by the FBI and the special counsel. I'm very upset about it. I shouldn't say that but I feel it,'' she said.

It was Susan McDougal's attorney who summoned President

The Houston Chronicle, April 29, 1996

Clinton to testify.

Clinton's testimony comes at a critical time in the two-year-old Whitewater investigation. Public interest in the Whitewater probe has been on the wane as public approval of Clinton's presidency has increased.

The focus of the media interest also has moved to questions about conflict of interest on the part of Starr, a Republican partisan appointed as chief investigator. Starr, who has maintained his private law practice, has recently represented a number of conservative causes such as tobacco firms that are under fire from the Clinton administration.

James Carville, Clinton's 1992 campaign adviser, said on NBC's ''Meet the Press'' that Republicans are ""trying to use this to win an election that it looks like they are going to lose now.

People see through it. They don't care anymore. ''

GRAPHIC: Mug: Bill Clinton

LANGUAGE: ENGLISH

LOAD-DATE: April 30, 1996

Sewer and Water Corporation (Castle Sewer) and to Fulbright. Ward still owns a small parcel which secures another Madison Guaranty loan and which will be purchased by Madison Financial.

Ward apparently warehoused this land to reduce Madison Financial's investment and the attendant borrowing from Madison Guaranty. In this way, limitations on Madison Guaranty's investment in its Service Corporation are avoided. In fact, $100,000 of Ward's remaining loan on Castle Grande land appears to have been diverted to Madison Financial through a third party. By using this circuitous route, additional Madison Guaranty investment in Madison Financial was disguised as a loan to Ward.

Most of the remaining land held by Madison Financial (about 470 acres) is to be developed as residential lots for double-wide, manufactured homes. A few of the lots are about .8 acres but most average .4 acres and in one phase, the average size is .27 acres. To date, $536,000 of development costs have been expended.

The following figures summarize the activity since acquisition. Of the total classified loans at Castle Grande of $2,983,000, $2,283,000 represent loans to members of the McDougal-Henley Group (all but one loan). Direct cash payments to group members or affiliated companies (from loan proceeds) include $225,000 paid to Madison Real Estate as sales commissions and $460,000 disbursed directly to individual group members. Of the residential development costs paid to date, $57,000 (10% of total) was paid to various group members or affiliated companies. Of this amount, $44,000 was paid to Madison Marketing and Designer Construction for advertising. This amount represents 89% of all advertising expenses to date, and a total of $900,000 has been reserved for future advertising. Sales of the large parcels in Castle Grande have resulted in the recognition of $1,451,000 of fictitious income to Madison Guaranty and Madison Financial, thus inflating net worth by this amount. This income was recognized despite the fact that almost all the sales were to affiliated persons and were fully financed by Madison Guaranty. This income generates bonuses to James McDougal and John Latham estimated to be approximately $100,000 each.

B. Classification

The Castle Grande assets subject to classification are as follows:

99000942

LITTLE ROCK, ARKANSAS 72207

BORROWER'S NAME AND ADDRESS
"I" includes each Borrower above jointly and severally

SETH & IRMIN - P. O. BOX 1583
LITTLE ROCK, ARKANSAS 72203

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns

Loan Number 4027.50
Date MARCH 31, 1986
Maturity Date MAY 30, 1986
Loan Amount $ 400,000.00
Renewal Of

I promise to pay to you, or your order, at your address above, the principal sum of
FOUR HUNDRED THOUSAND AND NO/100 Dollars $ 400,000.00
Interest from MARCH 31, 1986 at the rate of 12.000 % per year until MAY 30, 1986
Additional Finance Charges (if any) which total I will pay this amount as follows:

☐ on demand (b) ☒ on demand but if none is made on MAY 30, 1986 (c) ☐ on
If (a) (b) or (c) is marked, I will pay accrued interest and on the maturity date
☐ in installments of $ each beginning and continuing on the same day of each ☐ month
☐ thereafter until when a final payment of $ will be due
☐ (other)

PAYMENTS: Each payment when made shall be applied first toward accrued finance charges, the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

I MAY PREPAY THIS NOTE IN WHOLE OR IN PART AT ANY TIME. Any partial prepayment will not excuse any later scheduled payments until this note is paid in full. There will not be a refund of any additional finance charges listed above.

DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of any default, including your reasonable attorneys' fees.

☒ I WILL NOT BE CHARGED A PENALTY FOR PREPAYMENT

☐ I agree to pay a minimum interest charge of $ if I pay this loan off before you have earned this amount in interest.

☐ I agree to pay a late charge of 5.000 of the amount of a payment which is
late within 10 days of when it is due, up to a maximum of $ N/A

THE PURPOSE OF THIS LOAN IS BUSINESS INVESTMENT

☐ I agree to pay interest at the rate of 12.000 % per year on the balance of
any remaining unpaid after final maturity, including maturity by acceleration.

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments
12.000 %	$ 7,890.41	$ 400,000.00	$ 407,890.41

I have the right to receive at this time an itemization of the Amount Financed.
YES I want an itemization
NO I do not want an itemization

Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
	$407,890.41	MAY 30, 1986
	$	
	$	
	$	

"e" means an estimate

$ Filing Fees
$ Non-filing Insurance

☒ This note has a demand feature ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year.

☒ I am giving a security interest in MORTGAGE COVERING REAL ESTATE
(a description of other property)
the goods or property being purchased
collateral securing other loans with you may also secure this loan
deposit accounts and other rights to the payment of money from you

Late charge: ☒ I will be charged 5.000 % of the amount of a payment which is more than 10 days late, up to a maximum of $ N/A

Prepayment: If I pay off this note early, I ☐ may ☒ will not have to pay a penalty.
☐ may ☒ will not be entitled to a refund of part of the finance charge.

Assumption: Someone buying my home ☐ may, subject to conditions, be allowed to ☒ cannot assume the remainder of the mortgage on the original terms.

See my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost.

Premium	Term	Signatures (or initials)
		I want credit life insurance. X _____ Name of Insured
		I want credit disability insurance. X _____ Name of Insured
		I want joint credit life insurance. X _____ Name of Insured _____ Name of Insured

I want ____ Credit Life Ins ____ Credit Disability Ins ____ Joint Credit Life Ins insurance. I may obtain property insurance from anyone I want that is acceptable to you. If I get insurance from or through you I will pay $ ____ for ____ of coverage.

Itemization of Amount Financed

Amount given to me directly	$ 400,000.00
Amount paid on my account	$
Amounts paid to others on my behalf	
To Property Insurance Company	$
To Credit Life Insurance Company	$
To Disability Insurance Company	$
To Public Officials	$
	$
	$
Prepaid Finance Charge	$
AMOUNT FINANCED (a through h)	$ 400,000.00
Finance Charge (include prepaid)	$ 7,890.41
Total of Payments (g + k)	$ 407,890.41

To secure the payment of the note total (balance) on the reverse side, I acknowledge and agree that you have the right to set off this note against any accounts I have now or hereafter with you or any money you may collect the proceeds (or rebates of unearned premiums) on any insurance policy naming me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you.

(3) ☐ If checked, this note is not further secured by any contemporaneous agreement (other than (1) and (2) of this section).

(4) ☒ If checked, this note is secured by a separate agreement dated MORTGAGE COVERING REAL ESTATE MARCH 31, 1986

Security Agreement. If checked, I give you a security interest in the property described below. The rights I am giving you in this property and the obligations this agreement defined on the reverse side of this form.

AGE COVERING PART OF TRACTS 27 & 28, HOLMAN ACRES MORE PARTICULARLY DESCRIBED IN MORTGAGE
EN DATE.

DD 000000021

Unless specifically agreed in writing to the contrary, this security agreement secures cannot be assumed by any person who buys the collateral as described and I understand and agree that if I attempt to transfer any interest in this thing but not limited to possession) I will be in default on all secured obligations.

This collateral will be used for BUSINESS purpose.

☐ If checked, this is a purchase money loan. You may include the name of the seller check or shall for this loan.

I agree to the terms of the note and security agreement above (including those on other side of this form) and acknowledge receipt of at least one copy on today's

COSIGNERS: SEE NOTICE ON REVERSE SIDE BEFORE SIGNING

Signature X SETH WARD

Signature

Signature

Date

Lender: where necessary for filing this security agreement

INTEREST NOTE DISCLOSURE AND SECURITY AGREEMENT
[illegible] SYSTEMS, INC. ST. CLOUD, MN 56301 FORM NDAS-ST-AR-1 (12/85)

MADISON FINANCIAL CORPORATION P.O. BOX 1583 LITTLE ROCK, ARKANSAS 72203 **BORROWER'S NAME AND ADDRESS** "I" includes each borrower above, jointly and severally	SETH WARD 48 RIVER RIDGE ROAD LITTLE ROCK, ARKANSAS 72207 **LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns	Loan Number Date APRIL 7, 1986 Maturity Date JUNE 6, 1986 Loan Amount $ 300,000.00 Renewal Of

I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of THREE HUNDRED THOUSAND AND NO/100 Dollars $ 300,000.00

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advances:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all of conditions and expires no later than _____, 19____.

☒ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS

INTEREST. I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☒ **Fixed Rate.** I agree to pay interest at the fixed, simple rate of 12.000 % per year.

☐ **Variable Rate:** I agree to pay interest at the initial simple rate of _____ % per year. This rate may change as stated below.

☐ **Index Rate:** The future rate will be _____ the following index rate _____

☐ **No Index.** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☐ **Frequency and Timing.** The rate on this note may increase as often as _____

An increase in the index will take effect _____

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits.

☐ **Maximum Rate.** The rate will not go above _____

☐ **Minimum Rate.** The rate will not go below _____

Post Maturity Rate. I agree to pay interest on the principal owing after maturity and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 12.000

☐ **ADDITIONAL CHARGES.** In addition to interest I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS. I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest IN THE AMOUNT OF $5,917.81 ON JUNE 6, 1986

☒ **Principal.** I agree to pay the principal IN THE AMOUNT OF $300,000.00 ON JUNE 6, 1986

☐ **Installments.** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19____. A payment of $ _____ will be due on the _____ each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19____.

☐ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☐ The amount of the final payment will be increased.

☐ _____

PLAINTIFF'S EXHIBIT 19 87590

ADDITIONAL TERMS

☐ **SECURITY.** This note is secured by _____

☐ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES. I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

MADISON FINANCIAL CORPORATION

JOHN LATHAM, SECRETARY

SW1-057

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN. FORM CN 2/17/84

SEN 33125

MADISON FINANCIAL CORPORATION
P. O. BOX 1053
LITTLE ROCK, ARKANSAS 72203

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally

4P RIVER RIDGE DRIVE
LITTLE ROCK, ARKANSAS 72207

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns

Loan Number
Date APRIL 7, 19 86
Maturity Date JUNE 6, 19 87
Loan Amount $ 7[illegible].47
Renewal Of

I promise to pay to you, or your order, at your address listed above, the **PRINCIPAL** sum of SEVENTY THOUSAND [illegible] SEVEN HUNDRED FORTY-THREE AND 47/100 Dollars $ 70,943.47

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have recei the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all ot conditions and expires no later than _____ 19 ____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☒ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of 12.000 % per year

☐ **Variable Rate:** I agree to pay interest at the initial simple rate of _____ % per year. This rate may change as stated below.

☐ **Index Rate:** The future rate will be _____ the following index rate: _____

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☐ **Frequency and Timing:** The rate on this note may increase as often as _____

An increase in the index will take effect _____

☐ **Limitations:** The rate on this note will not at any time (before maturity, no matter what happens to any index rate used) go above or below these limits.

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above)

☒ at a rate equal to 12.000

☐ **ADDITIONAL CHARGES.** In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges: _____

PAYMENTS. I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest IN THE AMOUNT OF $1,899.43000 JUNE 6, 1986

☒ **Principal:** I agree to pay the principal IN THE AMOUNT OF $70,943.47 ON JUNE 6, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ da each _____ thereafter. The final payment of the entire unpaid balanc principal and interest will be due _____, 19 ____.

☐ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☐ The amount of the final payment will be increased.

☐ _____

[redacted]

ADDITIONAL TERMS.

☐ **SECURITY:** This note is secured by _____

☐ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUD THOSE ON THE OTHER SIDE). I have received a copy on today's d

MADISON FINANCIAL CORPORATION

By: _____
JOHN LETHAM, SECRETARY

© 1984 BANKERS SYSTEMS INC ST CLOUD MN FORM LN 3/17/84

MINUTES OF MEETING

BOARD OF DIRECTORS

MADISON FINANCIAL CORPORATION
September 12, 1985

The Board of Directors of Madison Financial Corporation met on September 12, 1985, at 1:00 p.m. at the office at 16th and Main Streets, Little Rock, Arkansas. All directors were present. The minutes of the previous meeting were read and approved as recorded.

Chairman McDougal introduced the first order of business before the board: the purchase of approximately 400 acres for a mobile home development.

The acreage, located on 145th Street, (near Pratt Road), is to be proposed in conjunction with Castle Industries, a mobile home manufacturer. The estimated cost of the land is approximately $600,000.

After a lengthy discussion, the Board unanimously approved the purchase of this development to be known as Castle Grande Estates.

There being no further business, the meeting was adjourned.

_____
Chairman

UNITED STATES OF AMERICA

RESOLUTION TRUST CORPORATION

WASHINGTON, D.C.

---oOo---

IN THE MATTER OF:)
)
Madison Guaranty Savings)
& Loan Association)
McCrory, Arkansas)
----------)

TELEPHONE INTERVIEW OF

WEBSTER L. HUBBELL

December 27, 1995

10:37 a.m.

REPORTED BY: GINA M. ZANCANELLI, C.S.R. No. 10,100

A Yeah. I mean, I'm basing all of this on what you're telling me.

Q Just so we're clear, all I'm telling you is that she has given a statement to the effect that she typed this letter. She didn't say, really, anything beyond that. She did not describe the circumstances. She just said she recognized it as something that she typed.

A Okay. And I said based on that, if she did, then what I do remember is Mr. Ward coming into my office on occasion with handwritten letters asking my secretary to type things because he didn't have one. And I would give it to Debbie, and she would type it. And after she was finished, she would bring it back into my office. And he would sit in my office and have a cup of coffee.

Q And you might have read it over and talked to him briefly?

A Yeah. Or he might have gave it to me to read it, or vice versa, or not at all.

Q But with respect to this particular letter, do you have any recollection of whether you did read it and discuss it with Mr. Ward?

A No.

Q At this time, September 1985, what was your understanding, if any, with respect to the reasons why

Madison was not going to buy the entire property itself?

A My understanding was based on what Mr. Ward told me, that maybe whoever closed the loan was -- was that Madison had limits on what it could own in its own name, and so Mr. Ward was going to own part of it until it could be sold.

Q At this time, August, September, October 1985 and, again, to the best of your recollection, did you give any thought as to whether it was a permissible way of dealing with the limits you've just described to have Mr. Ward buy a part of this property on the terms as you've described them earlier in this interview, which is to say with the purchase of Mr. Ward's parcel being 100 percent financed by Madison and with Mr. Ward to get a commission on the sale of any part of the property?

A No. I wouldn't one way or the other.

Q In 1985, did you give any thought whatsoever as to whether, given the terms as you understood them, Mr. Ward might be considered a straw man or nominee?

A Yeah. You know, you use the word, and I remember it back in law school. But I didn't give it any consideration, you know. "Straw man" means, to me, somebody who you clear title through. So I don't think that's the way I would look at it, if I sold property, and you're trying to clear it to sell it through a straw man.

CONTINUATION SHEET		PAGE 4 OF 10
INTERVIEW OF	DATE OF INTERVIEW	FILE NUMBER
HARRY DON DENTON	June 3, 1996	WA-94-0016

Additional information concerning this loan and the airplane is reported by separate correspondence.

DENTON was questioned and shown certain documents concerning WARD loan number 2754 of July 16, 1985 for $10,000. DENTON said that he believed this loan was also made relative to the airplane. Additional information concerning this loan and the airplane is reported by separate correspondence.

DENTON was questioned and shown certain documents concerning WARD loan number 2853 of September 17, 1985 for $40,000. DENTON said that the loan was made for the purchase of a Mercedes automobile by WARD. DENTON reviewed a copy of the Loan Submission Worksheet. He said that with the exception of his initials at the "Officer's Approvings" block, he did not prepare the form. He did not know who prepared the form. DENTON was also asked about the notation "See Confidential Files" at the financial statement area. He said that the confidential files referred to were probably WARD's financial statements that were kept in his office, as the financial statements of all officers of the institution routinely were. DENTON was asked if WARD was an officer of the institution. He stated that technically he was not, but that he did work there and it was perceived that he was an officer.

DENTON said that the automobile was later sold by WARD to a personal friend in Fort Scott, Kansas, but that the automobile was later returned to WARD as it had not been properly titled in the United States.

DENTON was questioned and shown certain documents concerning WARD Loan number 2962 of October 15, 1985. DENTON recognized the loan as that utilized by WARD to make the purchase of the IDC property and ISC assets, and recalled that he was involved in making the loan, although he noted that his initials were not evident at the lender signature block. He said that he recalled being aware that the IDC transaction was being put together, but did not recall being given any specific instructions concerning doing the loan. He said that he believed that he had no dollar limit on his authority to approve loans.

DENTON was questioned why the note was dated October 15, 1985 when the IDC transaction had closed on October 4, 1985. DENTON said that he found that unusual only because BEACH ABSTRACT had been involved in the closing, and that BEACH ABSTRACT was an excellent title company. DENTON said that it could be a replacement note, but that he did not believe that WARD, as an "insider" would typically have been required to sign a note at closing. DENTON also said that he believed that there may have been a delay in executing the note as there had been some surprise at closing.

DENTON said that it was his opinion that the wording on the note, under the Security Agreement line, that stipulated that WARD was not personally responsible for the note was prepared by HUBBELL. When asked why he was of that opinion, DENTON said that he had not prepared the language, that no one at the institution had, and that he did not believe that WARD had written it but had provided him the language to include on the note. He had no other specific information.

DENTON was shown a copy of the September 12, 1985 Minutes of the Board of Directors of MFC that authorized the MFC purchase of IDC property. DENTON could provide no specific information, but said that the date on the minutes did not mean anything. He said that "Dates had little to do with when documents were done at Madison." He said that there were so many instances of backdating documents that he would not assume that anything occurred on the listed date.

DENTON was shown a copy of a September 3, 1985 letter from MCDOUGAL to WARD that referred to a conversation of the previous Friday wherein it was reportedly agreed that WARD would purchase the property

CLINTON APPOINTMENTS
Page Two
March 4, 1985

ETHEL WRIGHT, Magnolia--State Board of Cosmetology. Wright replaces Ida B. Thomas, Pine Bluff, who resigned. Wright's term ~~expires January 15, 1986.~~

DONNA PITTMAN KINNAIRD, Magnolia--Arkansas State Plant Board. Kinnaird replaces Dick Enderlin, Conway, who resigned. Kinnaird's term expires June 30, 1985.

RALPH WILSON, JR., Osceola--Natural Heritage Commission. Wilson replaces Ray Fitzhugh, Augusta, whose term expired. Wilson's term expires January 14, 1994.

JOHN LATHAM, Little Rock--Savings and Loan Association Board. Latham replaces Ike Carter, Benton, who resigned. Latham's term expires January 14, 1987.

DR. JERRY KENDALL, Camden--Savings and Loan Association Board. Kendall replaces George McClure, Jr., Malvern, whose term expired. Kendall's term expires January 14, 1990.

Governor Clinton also announced the following reappointments:

GEORGE STEEL, JR., Nashville--Judicial Ethics Committee. Steel's new term expires December 21, 1988.

LYNN LOWE, Texarkana--Red River Commission. Lowe's new term expires January 14, 1993.

EUNICE PLATT, Camden--Arkansas Waterways Commission. Platt's new term expires January 14, 1992.

# # #

DKSN025966

MEMORANDUM

To: Governor — Date: 3-5-86

From: Chuck

Subject: Follow up to McDougal/Health Dept. meeting with you.

I have talked with Tom Gutheinz this a.m. He tells me that the 3 men Jim McDougal referenced in yesterday's meeting have been removed from those jobs. Tom met with their supervisor, too, and spelled out to all of them that none were to talk about Whitewater Point, Eden Park or Maple Creek in or outside the office period, because they don't want to give credence to any of McDougal's allegations. Tom will send over a complete report soon.

Tom, Jerry and Dr. Saltzman said they kept silent yesterday out of respect for you, but their silence was not an acceptance of Jim's accusations. Frankly, they were taken aback at some of what he said and felt a great deal of frustration at not responding. It was obvious to them that Jim was quite upset and had placed them in a defensive position.

I believe they took their cue from you when you told them Jim was your friend of 20 years who had never asked for a favor plus the fact that Jim's first comment was he was being ganged on and that there had been nothing but duplicity and trickery from the Health Dept.

Tom Gutheinz called in this morning, they did ask Tom if

CONFIDENTIAL

DKR 30060

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

you had been in agreement with Jim's assessment and Tom defended you by saying that you were there to listen as a courtesy to your friend and not really to pass judgment.

I am relaying this to you because these past few weeks at the Health Dept. have been horrible for Tom - dealing with budget cuts, calling employees in to lay off, trying to soothe ruffled feathers and hurt feelings because of this, the measles outbreak, which has thus far cost $800,000 (not including what they will pay), and talking to all of the irate people calling in because basketball tournaments got canceled as a result of the measles problem. Don't laugh! They were furious. The ongoing trauma of dealing with [illegible]ed Jacksonville residents. Then, yesterday the meeting [illegible] done too uplifting. I think you can appreciate Tom's dismay at having to sit and listen to someone refer to one of his employees be[illegible] fairly well as "not sane, not qualified, not stable and [illegible]". I would like to think your instinct would be to give me or someone else here the benefit of the doubt were you put in that situation. In fact, I was pleased when you did come to your staff's defense after [illegible] Randy Ingle began criticizing us. I am not implying any comparison between Jim McDougal and Ingle, but you see my point).

P.S. Just this morning, Keith related that a friend who works at the Health Department was praising Tom Butler for his honesty, sensitivity in dealing with employees and the way the lay-off situation had been handled.

CONFIDENTIAL

DKRT8[illegible]607A

HOUSE W/W RPT. 4639

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

(g) DESCRIBE each and every conversation that YOU had before signing the INTEREST FUNDING LOAN with anyone regarding WDC's financial condition and its ability to repay the INTEREST FUNDING LOAN.

Please see Global Response to No. 14, supra.

(h) DESCRIBE each and every conversation that YOU had after signing the INTEREST FUNDING LOAN with anyone regarding WDC's financial condition and its ability to repay the INTEREST FUNDING LOAN. In particular, DESCRIBE each and every conversation that YOU had with anyone regarding:

(1) The fact that the INTEREST FUNDING LOAN was not repaid as scheduled on April 30, 1983.

(2) The fact that WDC sold no lots in fiscal year 1983 (which ended May 31, 1983) and one lot in fiscal year 1984 (which ended May 31, 1984).

(3) The source of the funds used to repay the INTEREST FUNDING LOAN on or about October 19,1983.

Please see Global Response to No. 14, supra.

Interrogatory No. 15: Answering separately for each of the factual assertions contained in the subparts to this interrogatory, DESCRIBE what (if anything) YOU knew before 1992, and when and from what source YOU learned what YOU knew, with respect to the subject matter of the following factual assertions:

Global Response to No. 15:

I don't know whether the "factual assertions" set out in this interrogatory are accurate or not. As previously indicated, the McDougals exercised control over the management and operation of WDC for the period of its active existence. My husband and I did not receive annual reports or regular financial summaries and were not informed of all actions taken in the name of WDC. As was contemplated from the inception of the venture, we were

DKSN000793

passive investors and relied upon the McDougals to manage and operate it.

(a) WDC's lot sales at retail (net sales, not counting any resales of foreclosed lots):

(1) WDC sold six lots in fiscal year 1980.

Please see Global Response to No. 15, supra.

(2) WDC sold 13 lots in fiscal year 1981.

Please see Global Response to No. 15, supra.

(3) WDC sold six lots in fiscal year 1982.

Please see Global Response to No. 15, supra.

(4) WDC sold no lots in fiscal year 1983.

Please see Global Response to No. 15, supra.

(5) WDC sold one lot in fiscal year 1984.

Please see Global Response to No. 15, supra.

(6) WDC sold one lot in fiscal year 1985

Please see Global Response to No. 15, supra.

(b) WDC sold all 24 of its remaining lots to Ozark Air Services, Inc., a company controlled by Chris Wade, in a no-cash bulk sale in May 1985.

Please see Global Response to No. 15, supra. As indicated in my response to No. 24, infra, Jim McDougal told us in 1986 that, the previous summer, he had sold all the WDC property. I did not know at the time that this sale was to Chris Wade, if in fact it was.

(c) WDC's cash flow:

(1) In fiscal year 1980, WDC's cash flow after debt service was negative (in fact, negative $37,497).

DKSN000794

SALTILLO HEIGHTS
A DIVISION OF — ROLLING MANOR, INC.

PURCHASER'S AGREEMENT

THIS AGREEMENT entered into this day between ROLLING MANOR INC , hereinafter called "SELLER", and WILLIAM CLINTON hereinafter called "BUYER" WITNESSETH:

WHEREAS, SELLER is the owner of the following described property situated in Faulkner County, Arkansas: Tract Number 74, Saltillo Heights Estates as reflected by a plat of said subdivision filed with the proper authorities of said county.

WHEREAS, SELLER has this day bargained to sell said property to BUYER upon the terms and conditions hereinafter expressed:

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein and the payment of the cash sum hereinafter mentioned, it is mutually agreed as follows:

1. BUYER agrees to pay SELLER for said property the sum of

ELEVEN THOUSAND FOUR HUNDRED ---------- Dollars ($ 11,400.00),

of which BUYER has paid $ 400.00 cash in hand, the receipt of which is hereby acknowledged, and has executed one note of even date herewith in the sum of

$ 11,000.00 , appearing on the reverse side hereof, and payable according to the terms therein set forth.

2. BUYER agrees to pay all taxes and assessments due and payable now and hereafter.

3. Time is the essence of this AGREEMENT, and if BUYER defaults in the payment of any installment of principal and interest for a period of 60 days, or fails to pay any taxes, assessments or insurance premiums when due, SELLER, at its option, may either declare the entire debt with interest due and payable, or rescind this AGREEMENT, and in the event of rescission all moneys paid by BUYER shall be taken and retained by SELLER, not as a penalty, but as rent of the property and the relation of the parties thereafter shall be that of landlord and tenant at the rental of $ 150.00 per month; and thereupon SELLER, after notice, may demand possession of the property, and BUYER agrees to surrender immediately peaceable possession. No delay in the exercise of any of the options herein contained as a waiver of such right, but same may be exercised at any subsequent time. Any notices required herein may be made by ordinary mail addressed to BUYER at

OFFICE OF THE ATTORNEY GENERAL, LITTLE ROCK, ARKANSAS

unless SELLER be notified in writing of a subsequent change of address.

4. Upon payment of the entire debt with interest when due, together with all taxes, assessments and insurance premiums due hereafter, SELLER will convey to BUYER the above described property by Warranty Deed and will furnish an Abstract of Title certified to the date of this AGREEMENT showing merchantable title, or furnish Owner's policy of title insurance.

5. It is mutually agreed that no representations whatsoever not incorporated herein shall be binding on either party, and that this AGREEMENT shall not be varied or contradicted hereafter except in writing signed by both parties.

6. This AGREEMENT shall not be sold, transferred or assigned, nor shall said property be leased without written consent of SELLER, and in the event of any sale, assignment, transfer or lease, without written consent, SELLER shall have the right to exercise the options herein before provided in Paragraph 3. In the event of a sale, transfer or assignment of this AGREEMENT with SELLER'S written consent, the assignee or grantee shall succeed to all the rights and liabilities of BUYER, according to the terms of the assignment and consent to be attached hereto.

7. BUYER shall not commit or permit waste; and shall maintain the property in as good condition as at present. Upon any failure so to maintain, SELLER may cause reasonable maintenance work to be performed at the cost of the BUYER.

8. BUYER acknowledges receipt of a copy of The Bill of Assurance covering subject property which by reference is made a part hereof.

9. It is mutually agreed that SELLER retains all mineral rights to subject property.

WITNESS our hands and seals on this 25th day of JANUARY, 19 77

Susan Henley McCaugh (Seal)
Assistant Secretary
Rolling Manor, Inc

James S. McDaniel (Seal)
President SELLER
Rolling Manor Inc.

(Seal)
BUYER

(Seal)
BUYER

INSTALLMENT NOTE

$ 11,000.00 Little Rock, Arkansas JANUARY 25, 19 77

For value received, I—We promise to pay to the order of ROLLING MANOR, INC

at ARKADELPHIA, ARKANSAS, the sum of ELEVEN THOUSAND---------- DOLLARS

($ 11,000.00) with interest from date until due at the rate of 0 percent per annum and thereafter until paid at the rate of 10 percent per annum, payable as follows: An installment of DOLLARS ($ 155.51) due and payable on or before the 1st day of APRIL, 19 77, and an installment of ONE HUNDRED FIFTY FIVE AND 51/100---------- DOLLARS

($ 155.51) due and payable on before the 1st day of each succeeding month thereafter until the full amount of interest and principal is paid in full. The installment shall first be applied toward the payment of interest, and next toward the reduction of the principal. This Note is executed in connection with, and is made a part of an Agreement of even date herewith, appearing above to which reference is hereby made, between the same parties hereto, for the sale of the property described therein.

Should default be made in the payment of any installment of principal or interest for a period of 60 days, the entire debt, with interest at the rate of 10 percent per annum until paid, shall become due and payable at the option of the holder hereof. The maker(s) and endorser(s) waive notice, demand and presentment and consent that time for payment may be extended without notice. No delay in the exercise of the option of acceleration shall be construed a waiver of such right, but it may be exercised at any subsequent time during default. Maker(s) shall have the right to pay any multiple of the installment at any installment payment date.

ADDRESS:

BUYER

BUYER

DKSN022069

DISCLOSURE STATEMENT

DATE 1-25-77

BORROWER:

LENDER: ROLLING MANOR INC
P.O. BOX 351
ARKADELPHIA, ARKANSAS 71923

1. AMOUNT FINANCED	$ 11,000.00
2. TOTAL CHARGES	$ -0-
3. TOTAL Prepaid Charges	$ -0-
4. Amount Financed	$ 11,000.00
5. Finance Charge (Interest)	$ 3,920.95
6. Total of Payments	$ 14,920.95
7. Annual Percentage Rate	8 Percent
8. Payable:	

In 96 monthly installments of $ 155.51 each on the same day of each month beginning APRIL 1, 19 77

DEFAULT AND — OR DELINQUENCY CHARGES: Borrowers are subject to a late charge not to exceed 5 per cent of any installment unpaid for 7 days after due date or $7.50 whichever is less. After default or maturity, the note will bear interest at the rate of ten per cent per annum. Borrowers are required to pay all costs of collection including a reasonable attorney's fee in an amount not to exceed ten per cent of the principal, plus interest due, if referred to him for collection or foreclosure.
PREPAYMENT: Borrowers may at any time, prepay in full any unpaid balance without penalty. If this loan includes precomputed interest and is prepaid in full prior to final installment Date, the unearned recomputed interest will be refunded under the rule of 78's if it is a monthly installment loan or on the basis of actual earned interest if other than a monthly installment loan.
SECURITY: This loan is or is to be secured by a Deed of Trust or Mortgage on the property described below, and it will secure future or other indebtedness and will cover after acquired property. Without prior approval of the creditor, this loan is not assumable and becomes due and payable upon the vesting of title in other than Borrowers.

DESCRIPTION OF PROPERTY

TRACT NUMBER 74 SALTILLO HEIGHTS ESTATES, FAULKNER COUNTY, ARKANSAS. Receipt of a copy of this disclosure statement, appropriately filled in prior to consummation of this transaction, is hereby acknowledged.

Date _____

BUYER

WITNESS _____

BUYER

NOTICE OF RIGHT OF RESCISSION

Dated 1-25, 19 77

This notice is given in connection with a loan transaction entered into between ROLLING MANOR INC. of Arkadelphia, Arkansas, as Lender, and WILLIAM CLINTON as Borrower, which loan is or will be evidenced by the Borrower's note in the face amount of $ 11,000.00.

Notice to customer required by Federal Law:

You have entered into a transaction on 1-25-77 which may result in a lien, mortgage, or other security interest on your home. You have a legal right under Federal Law to cancel this transaction, if you desire to do so, without any penalty or obligation within three business days from the above date or any date on which all material disclosures required under the truth in lending act have been given to you. If you so cancel the transaction, any lien, mortgage, or other security interest on your home arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel this transaction, you may do so by notifying:

ROLLING MANOR INC.
P.O. BOX 351
ARKADELPHIA, ARKANSAS 71923

by mail or telegram sent not later than midnight of JANUARY 30, 1977 you may also use any other form of written notice identifying the transaction if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby cancel this transaction.

(Date) _____

(Customer's Signature) _____

I, the Customer, hereby acknowledge receipt of 2 fully completed copies of this form this _____ day of _____, 19 ____.

(Customer's Signature)

EFFECT OF RESCISSION

When a customer exercises his right to rescind as explained above, he is not liable for any finance or other charge, and any security interest becomes void upon such a rescission. Within 10 days after receipt of a notice of rescission, the creditor shall return to the customer any money or property given as earnest money, down payment or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the creditor has delivered any property to the customer, the customer may retain possession of it. Upon the performance of the creditor's obligations under this section, the customer shall tender the property to the creditor, except that if return of the property in kind would be impracticable or inequitable, the customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the customer, at the option of the customer. If the creditor does not take possession of the property within 10 days after tender by the customer, ownership of the property vests in the customer without obligation on his part to pay for it.

DKSN022070

JACK FROST AND COMPANY
1900 WORTHEN BANK BLDG
LITTLE ROCK, AR 72201

INSTRUCTIONS FOR FILING
1978 FEDERAL & STATE INCOME TAX RETURNS & VOUCHERS

HILLARY RODHAM & WILLIAM J. CLINTON
1800 CENTER
LITTLE ROCK, ARKANSAS 72206

PLEASE REVIEW PAGE 1, FORM 1040, RE/PRESIDENTIAL ELECTION CAMPAIGN FUND

FEDERAL INCOME TAX RETURN-DUE-4/16/79

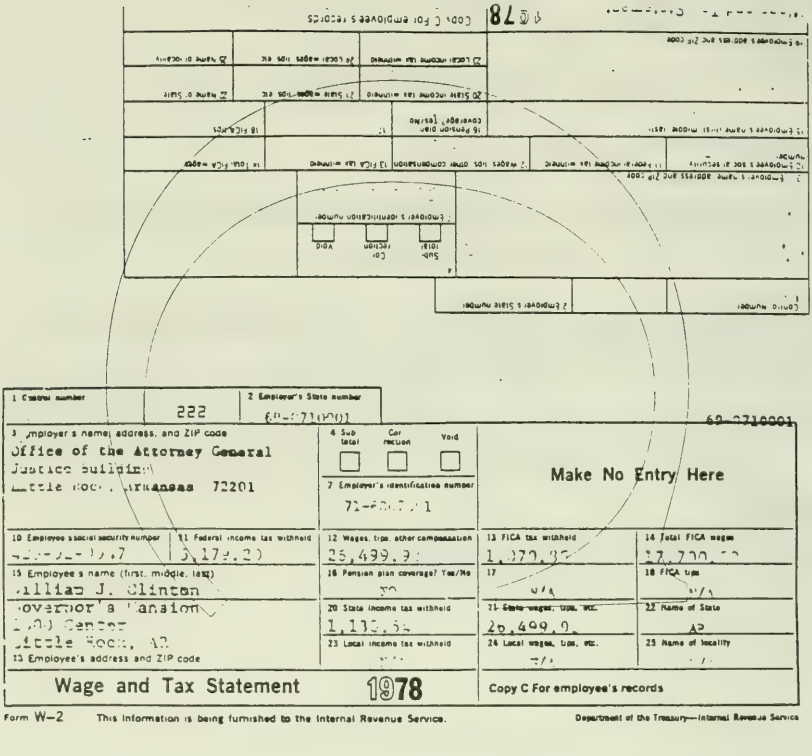
BALANCE DUE $13,338
WRITE SS# ON CHECK & MAKE CHECK PAYABLE TO: INTERNAL REVENUE SERVICE
SIGN & DATE YOUR RETURN ON PAGE 2, FORM 1040 - BOTH HUSBAND & WIFE MUST SIGN
MAIL RETURN WITH CHECK TO: INTERNAL REVENUE SERVICE
3651 S INTERREGIONAL HIGHWAY
AUSTIN, TEXAS 73301

YOUR TAX SAVINGS FROM USING INCOME AVERAGING IS $ 771

ARKANSAS INCOME TAX RETURN-DUE- 5/15/79

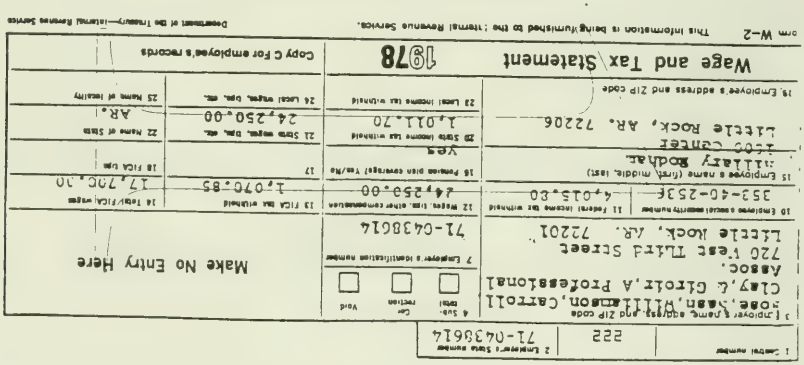
BALANCE DUE $1,162.00
WRITE SS# ON CHECK & MAKE CHECK PAYABLE TO: DEPT OF FINANCE & ADMINISTRATION
SIGN & DATE YOUR RETURN - BOTH HUSBAND & WIFE MUST SIGN
MAIL RETURN WITH CHECK TO: STATE INCOME TAX
P.O. BOX 9941
LITTLE ROCK, AR 72203

LP 00656



1 Control number	222	2 Employer's State number	
3 Employer's name, address, and ZIP code		4 Sub total ☐	Corr ☐	Void ☐	Make No Entry Here
Office of the Attorney General Justice Building Little Rock, Arkansas 72201		7 Employer's identification number 71-0736014			
10 Employee's social security number	11 Federal income tax withheld	12 Wages, tips, other compensation	13 FICA tax withheld	14 Total FICA wages
[illegible]	3,172.20	25,499.92	1,070.85	17,700.10
15 Employee's name (first, middle, last)		16 Pension plan coverage? Yes/No	17	18 FICA tips
William J. Clinton		NO	n/a	n/a
Governor's Mansion 1800 Center Little Rock, AR		20 State income tax withheld 1,113.54	21 State wages, tips, etc. 25,499.92	22 Name of State AR
19 Employee's address and ZIP code		23 Local income tax withheld	24 Local wages, tips, etc.	25 Name of locality
Wage and Tax Statement	1978		Copy C For employee's records	

Form W-2 This information is being furnished to the Internal Revenue Service. Department of the Treasury—Internal Revenue Service



1 Control number	222	2 Employer's State number	
3 Employer's name, address, and ZIP code		4 Sub total ☐	Corr ☐	Void ☐	Make No Entry Here
Office of the Attorney General Justice Building Little Rock, Arkansas 72201		7 Employer's identification number 71-0736014			
10 Employee's social security number 353-40-2536	11 Federal income tax withheld 4,015.60	12 Wages, tips, other compensation 24,250.00	13 FICA tax withheld 1,070.85	14 Total FICA wages 17,700.10
15 Employee's name (first, middle, last) Hillary Rodham		16 Pension plan coverage? Yes/No Yes	17	18 FICA tips
1600 Center Little Rock, AR 72206		20 State income tax withheld 1,011.70	21 State wages, tips, etc. 24,250.00	22 Name of State AR
19 Employee's address and ZIP code		23 Local income tax withheld	24 Local wages, tips, etc.	25 Name of locality
Wage and Tax Statement	1978		Copy C For employee's records	

Form W-2 This information is being furnished to the Internal Revenue Service. Department of the Treasury—Internal Revenue Service

LP 00657

Form 1040 1978 Page 2

Tax Computation

32	Amount from line 31		32 85,214
33	If you do not itemize deductions, enter zero. If you itemize complete Schedule A, Form 1040; enter amount from Schedule A, line 41. Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here ▶ [ ] and see instructions. Also see instructions if • You are married filing a separate return and your spouse itemizes deductions, OR • You file Form 4563, OR • You are a dual status alien		33 18,103
34	Subtract line 33 from line 32. Use the amount on line 34 to find your tax from the Tax Tables or to figure your tax on Schedule TC, Part I. Use Schedule TC, Part I and the Tax Rate Schedules ONLY if • The amount on line 34 is more than $20,000 ($40,000 if Filing Status box 2 or 5 checked), or • You have more exemptions than those covered in the Tax Table for your Filing Status, or • You use Schedule D, Schedule G, or Form 4726 to figure your tax. Otherwise you MUST use the Tax Tables to find your tax		34 67,111
35	Tax. Enter tax here and check if from [ ] Tax Tables or [X] Schedule TC		35 22,627
36	Additional taxes. (See page 11 of instructions.) Enter total and check if from [ ] Form 4970 [ ] Form 4972 [ ] Form 5544 [ ] Form 5405 or [ ] Section 72(m)(5) penalty tax		36 0
37	Total. Add lines 35 and 36	▶	37 22,627

Credits

38	Credit for contributions to candidates for public office	38	
39	Credit for the elderly (attach Schedules R & RP)	39	
40	Credit for child & dependent care expenses (attach Form 2441)	40	
41	Investment credit (attach Form 3468)	41	
42	Foreign tax credit (attach Form 1116)	42	
43	Work incentive (WIN) credit (attach Form 4874)	43	
44	New jobs credit (attach Form 5884)	44	
45	Residential energy credits (attach Form 5695)	45	
46	Total credits. Add lines 38 through 45		46
47	Balance. Subtract line 46 from line 37 and enter difference (but not less than zero)	▶	47 22,627

Other Taxes

48	Self-employment tax (attach Schedule SE)		48
49	Minimum tax. Check here ▶ [ ] and attach Form 4625		49
50	Tax from recomputing prior year investment credit (attach Form 4255)		50
51	Social security (FICA) tax on tip income not reported to employer (attach Form 4137)		51
52	Uncollected employee FICA and RRTA tax on tips (from Form W-2)		52
53	Tax on an IRA (attach Form 5329)		53
54	Total tax. Add 47 thru 53	▶	54 22,627

Payments

Attach Forms W-2, W-2G and W-2P to front

55	Total Federal income tax withheld	55 9,264	
56	1978 estimated tax payments and credit from 1977 return	56	
57	Earned income credit. If eligible, enter child's name ▶	57	
58	Amount paid with Form 4868	58	
59	Excess FICA and RRTA tax withheld (two or more employers)	59 25	
60	Credit for Fed. tax on special fuels and oils (attach Form 4136)	60	
61	Regulated investment Company credit (attach Form 2439)	61	
62	Total. Add lines 55 thru 61	▶	62 9,289

Refund or Due

63	If line 62 is larger than line 54, enter amount OVERPAID	▶	63 0
64	Amount of line 63 to be REFUNDED TO YOU	▶	64 0
65	Amount of line 63 to be credited on 1979 estimated tax ▶ 65 0		
66	If line 54 is larger than line 62, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your soc. sec. no. on check, etc.	▶	66 13,338
	check ▶ [X] if Form 2210 (2210F) is attached. See instructions	▶ $ 0	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

FILE ORIGINAL ONLY
RETAIN THIS COPY

Your signature ▶ Date ▶ Spouse's signature (if filing jointly, BOTH must sign even if only one had income) ▶

Paid Preparer's Information

Preparer's signature ▶ James B Potts Jr CPA

Preparer's social security number: 429-14-4641

Firm's name (or yours if self-employed), address and ZIP code:
JACK FROST AND COMPANY
1900 WORTHEN BANK BLDG
LITTLE ROCK, AR 72201

Firm's employer identification number ▶ 71-0469604

Date ▶ 4/16/79

LP 00658

Schedule A (Form 1040)

Department of the Treasury
Internal Revenue Service

ITEMIZED DEDUCTIONS

► Attach to Form 1040.

1978

Name(s) as shown on Form 1040

WILLIAM J. & HILLARY CLINTON

Your social security number

429/92/9947

Schedule A—Itemized Deductions

MEDICAL AND DENTAL EXPENSES (not compensated by insurance or otherwise) See instructions

1 One-half (but not more than $150) of insurance premiums for medical care. (Be sure to include in line 10 below) ►	0
2 Medicine and drugs	0
3 Enter 1% of Federal AGI Form 1040	952
4 Subtract line 3 from line 2. If line 3 is more than line 2, enter zero	0
5 Enter balance of insurance premiums for medical care (not entered on line 1)	0
6 Other medical and dental expenses	
a Doctors, dentists, nurses, etc.	0
b Hospitals	0
c	
7 Total (add lines 4 through 6c)	0
8 Enter 3% of Federal AGI Form 1040	2,556
9 Subtract line 8 from line 7. If line 8 is more than line 7, enter zero	0
10 Total (add lines 1 and 9). Enter here and on line 33 ►	0

TAXES See instructions

11 State and local income	2,160
12 Real estate	638
13 State and local gasoline (use gas tax tables)	74
14 General sales (use sales tax tables)	361
15 Personal property	66
16 MAJOR PURCHASE SALES TAX	0
DRIVERS LIC	
17 Total (add lines 11 through 16). Enter here and on line 34 ►	3,299

INTEREST EXPENSE See instructions

18 a Home mortgage	4,467
b Credit and charge cards	378
19 BANKS & LOAN COMPANIES	722
YALE UNIVERSITY	271
GREAT SO LAND CO	10,131
20 Total (add lines 18 and 19). Enter here and on line 35 ►	15,969

CONTRIBUTIONS See instructions

21 a Cash contributions (or which you have receipts, cancelled checks, etc.)	1,233
b Other cash contributions	
22 Other than cash	
23 Carryover from prior years	0
24 Total contributions (add lines 21a through 23). Enter here and on line 36 ►	1,233

CASUALTY OR THEFT LOSS(ES) See instructions

25 Loss before insurance reimbursement	0
26 Insurance reimbursement	0
27 Subtract line 26 from line 25	0
28 Enter smaller of $100 or amount on line 27	0
29 Casualty or theft loss (subtract line 28 from line 27). Enter here and on line 37 ►	0

MISCELLANEOUS DEDUCTIONS See instructions

30 Union dues	0
31 Political Contributions	190
PROFESSIONAL DUES	118
BUSINESS TRAVEL	434
BUSINESS PHONE	60
32 Total (add lines 30 and 31). Enter here and on line 38 ►	802

SUMMARY OF ITEMIZED DEDUCTIONS See instructions — **A**

33 Total medical and dental—line 10	0
34 Total taxes—line 17	3,299
35 Total interest—line 20	15,969
36 Total contributions—line 24	1,233
37 Casualty or theft losses—line 29	0
38 Total miscellaneous—line 32	802
39 Total deductions (add lines 33 through 38) ►	21,303
40 If you checked Form 1040, Filing Status box. 2 or 5 enter $3,200; 1 or 4 enter $2,200; 3 enter $1,600	3,200
41 Subtract line 40 from line 39. Enter here and on Form 1040 ►	18,103

NOTE: If line 40 is more than line 39, enter zero and see instructions if You Must Itemize Deductions

LP 00659

Schedule B—Interest and Dividend Income

Name(s) as shown on Form 1040: WILLIAM J. & HILLARY CLINTON

Your social security number: 429/92/9947

PART I Interest Income

1 If you received more than $400 in interest, complete Part I.

Please see instructions to find out what interest to report. Then answer the questions in Part III, below.

Name of Payer	Amount
H-METROPOLITAN LIFE	24
W-FAYETTEVILLE SCL	317
W-WORTHEN	82
J-WORTHEN	15
H-UNION NATL BK	14
-INT FROM LAND SALES	724

2 Total interest income. Enter here and on Form 1040 1,176

PART II Dividend Income

3 If you received more than $400 in gross dividends (including capital gain distributions) and other distributions on stock, complete Part II (see instructions).

Write (H), (W), (J) for stock held by husband, wife or jointly. Then answer the questions in Part III below.

Name of Payer	Amount

4 Total of line 3 .....

5 Capital gain distributions. Enter here and on Schedule D. See note below .....

6 Nontaxable distributions .....

7 Total (add lines 5 and 6) .....

8 Dividends before exclusion (subtract line 7 from line 4). Enter here and on Form 1040 .....

R

Note: If you received capital gain distributions and do not need Schedule D to report any other gains or losses or to choose the alternative tax, do not file that schedule. Instead, enter taxable part of capital gain distributions on Form 1040.

PART III Foreign Accounts and Foreign Trusts

If you are required to list interest in Part I or dividends in Part II OR if you had a foreign account or were a grantor of, or a transferor to a foreign trust, you must answer both questions in Part III. (See instructions.)

A Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)? ..... ☐ YES ☒ NO

If "YES," see instructions

B Were you the grantor of, or transferor to, a foreign trust during any taxable year which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "YES," you may be required to file Forms 3520, 3520-A, or 926 ..... ☐ YES ☒ NO

LP 00660

Schedule C (Form 1040)

Department of the Treasury
Internal Revenue Service

PROFIT OR (LOSS) FROM BUSINESS OR PROFESSION

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

▶ Attach to Form 1040. ▶ See Instructions for Schedule C (Form 1040).

1979

Name of proprietor: HILLARY CLINTON

Social security number of proprietor: 353/40/2536

A Main business activity ▶ CONSULTING product ▶ LEGAL SERVICES

B Business name ▶

C Employer identification number ▶

D Business address ▶

City, State and ZIP code ▶ LITTLE ROCK AR 72204

C

E Accounting method: (1) [X] Cash (2) [ ] Accrual (3) [ ] Other ▶

F Method(s) used to value closing inventory: (1) [ ] Cost (2) [ ] Lower of cost or market (3) [ ] Other (if other attach explanation)

	YES	NO
G Was there any major change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation		X
H Does this business activity involve oil or gas, movies or video tapes or leasing personal (section 1245) property to others? (See instructions)		X
I Did you deduct expenses for an office in your home?		X

PART I Income

1 a Gross receipts or sales	1a		
b Returns and allowances	1b		
c Balance (subtract line 1b from line 1a)		1c	
2 Cost of goods sold and/or operations (Schedule C 1, line 8)		2	
3 Gross profit (subtract line 2 from line 1c)		3	
4 Other income (attach schedule) CONSULTING FEES		4	6,312
5 Total income (add lines 3 and 4) ▶		5	6,312

PART II Deductions

6 Advertising		28 Telephone	
7 Amortization		29 Travel and entertainment	
8 Bad debts from sales or services		30 Utilities	
9 Bank charges		31 a Wages	
10 Car and truck expenses		b New jobs Credit	
11 Commissions		c Subtract line 31b from 31a	
12 Depletion		32 Other expenses (specify):	
13 Depreciation (explain in Schedule C 2)		a REIMBURSED EXPENSES	
14 Dues and publications		b INCLUDED ON FORM 10C	2,992
15 Employee benefit programs		c	
16 Freight (not included in Schedule C 1)		d	
17 Insurance		e	
18 Interest on business indebtedness		f	
19 Laundry and cleaning		g	
20 Legal and professional services		h	
21 Office supplies		i	
22 Pension and profit-sharing plans		j	
23 Postage		k	
24 Rent on business property		l	
25 Repairs		m	
26 Supplies (not included in Schedule C 1)		n	
27 Taxes		o	

33 Total deductions (add amounts in columns for lines 6 through 32o) ▶	33	2,992
34 Net profit or (loss) (subtract line 33 from line 5). Enter here and on Form 1040. Also enter on Schedule SE (Form 1040). (For "at risk" provisions see instructions) ▶	34	3,420

Schedule C (Form 1040) Page 2

Schedule C-1. — Cost of Goods Sold and/or Operations (See Schedule C Instructions for Line 2)

1	Inventory at beginning of year (if different from last year's closing inventory, attach explanation)		1
2	a Purchases	2a	
	b Cost of items withdrawn for personal use	2b	
	c Balance (subtract line 2b from line 2a)		2c
3	Cost of labor (do not include salary paid to yourself)		3
4	Materials and supplies		4
5	Other costs		5
6	Add lines 1, 2c, and 3 through 5		6
7	Inventory at end of year		7
8	**Cost of goods sold and/or operations** (subtract line 7 from line 6) Enter here and on Part I, line 2	▶	8

Schedule C-2. — Depreciation (See Schedule C Instructions for line 13)

(a) Description of property	(b) Date acquired	(c) Cost or other basis	(d) Depreciation allowed or allowable in prior years	(e) Method of computing depreciation	(f) Life or rate	(g) Depreciation for this year
1 Total additional first-year depreciation (do not include in items below) ▶						
2 Other depreciation						

Schedule D (Form 1040)
Department of the Treasury
Internal Revenue Service

CAPITAL GAINS OR (LOSSES)

▶ Attach to Form 1040 ▶ See Instructions for Schedule D (Form 1040).

1978

Name(s) as shown on Form 1040 | Your social security number

WILLIAM J. & HILLARY CLINTON | 429/92/9947

PART I Short-term Capital Gains and Losses - Assets Held One Year or Less — **D**

a. Kind of property and description (Example: 100 shares of "X" Co.)	b. Date acquired (Mo., Day, Yr.)	c. Date sold (Mo., Day, Yr.)	d. Sales price (see instructions)	e. Cost or other basis (see instructions)	f. Gain or (loss) from 1st sales for this year	g. Gain or (loss) from sales after 12/31/75
1 J-COMMODITIES	/ /	/ /	0	0	26,541	

2 Enter your share of net short-term gain or (loss) from partnerships and fiduciaries	2	0	
3 Enter net gain or (loss) combine lines 1 and 2	3	26,541	0
4 Short-term capital loss carryover attributable to years beginning after 1969 (see instructions)	4	(0)	
5 Net short-term gain or (loss) combine lines 3 and 4 column (f)	5	26,541	

PART II Long-term Capital Gains and Losses - Assets Held More Than One Year

6	-INSTL SALE SEE SCH	/ /	/ /	0	0	798	
	-INSTL SALE-COLLECT	/ /	/ /	0	0	98	0
	-5ACRES-LAND	01/25/77	05/17/78	5,000	2,850	2,150	

7 Capital gain distributions	7	0	
8 Enter gain if applicable, from Form 4797, line 6(a)(1) (see instructions)	8	0	0
9 Enter your share of net long-term gain or (loss) from partnerships and fiduciaries	9	0	
10 Enter your share of net long-term gain from small business corporations (Subchapter S)	10		
11 Net gain or (loss), combine lines 6 through 10	11	3,036	98
12 Long-term capital loss carryover attributable to years beginning after 1969 (see instructions)	12	(0)	
13 Net long-term gain or (loss) combine lines 11 and 12, column (f)	13	3,036	

NOTE If you have capital loss carryovers from years beginning before 1970 do not complete Parts III IV or VI See Form 4798 instead

PART III Computation of Capital Gain Deduction
(Complete this part only if line 14 shows a gain)

14 Combine lines 5 and 13, column (f), and enter here If result is zero or a loss do not complete the rest of this part Instead skip to Part IV, line 24 on page 2	14	29,577
15 Enter line 13, column (f) or line 14, whichever is smaller If zero or a loss, enter zero and skip to line 23	15	2,036
16 If line 11, column (g) is a gain, combine lines 3 and 11 column (g), and enter here If this line or line 11, column (g) shows a loss or zero enter a zero and skip to line 20	16	98
17 Enter line 11, column (g) or line 16 whichever is smaller	17	98
18 Enter line 15 or line 17, whichever is smaller	18	98
19 Enter 60% of amount on line 18	19	59
20 Subtract line 18 from line 15	20	2,038
21 Enter 50% of amount on line 20	21	1,469
22 Add line 19 and line 21 This is your capital gain deduction	22	1,528
23 Subtract line 22 from line 14 Enter this amount on Form 1040	23	28,049

Schedule D Form 1040 — Page 2

PART IV Computation of Capital Loss Deduction
(Complete this part only if line 14, page 1 shows a loss)

24 If line 14 shows a loss -		
a Enter one of the following amounts.		
(i) If line 5, column (f) is zero or a net gain, enter 50% of line 14.		
(ii) If line 13, column (f) is zero, or a net gain, enter line 14, or		
(iii) If line 5, column (f) and line 13 are net losses, enter amount on line 5 column (f) added to 50% of amount on line 13, column (f)	24a	
b Enter here and enter as a (loss) on Form 1040, the smallest of:		
(i) The amount on line 24a,		
(ii) $3,000 ($1,500 if married and filing a separate return); or		
(iii) Taxable income as adjusted (see instructions)	24b	

PART V Computation of Alternative Tax
(See instructions to see if the alternative tax will benefit you)

25 Enter amount from Schedule TC (Form 1040), Part 1, line 3	25	65,611
26 Subtract line 22 from line 15 (or Form 4798, line 15 from line 7) and enter here	26	1,508
27 Subtract line 26 from line 25 (if line 26 is more than line 25, do not complete the rest of this part. The Alternative Tax will not benefit you)	27	64,103
Note: If line 15 is not more than $50,000 ($25,000, if married filing separately), skip lines 28 through 31, and enter zero on line 32		
28 Divide line 26 by line 15. Multiply the result by $50,000 ($25,000, if married filing separately), and enter here	28	0
29 Add lines 27 and 28	29	0
30 Tax on amount on line 25 (use Tax Rate Schedule in instructions) — 30: 6		
31 Tax on amount on line 29 (use Tax Rate Schedule in instructions) — 31: 0		
32 Subtract line 31 from line 30	32	0
33 Tax on amount on line 27 (use Tax Rate Schedule in instructions)	33	22,779
34 Enter 25% of line 15 but not more than $12,500 ($6,250, if married filing separately)	34	759
35 Alternative Tax - add lines 32, 33, and 34. If less than the tax figured on the amount on Schedule TC (Form 1040), Part 1, line 3 enter this alternative tax on Schedule TC (Form 1040) Part 1 line 4. Also check the Schedule D box on Schedule TC (Form 1040) Part 1 line 4	35	23,538

PART VI Computation of Post-1969 Capital Loss Carryovers from This Year to Next Year
(Complete this part if the loss on line 24a is more than the loss shown on line 24b

Section A — Short-term Capital Loss Carryover

36 Enter loss shown on line 5; if none, enter zero and skip lines 37 through 41 then go to line 42	36	
37 Enter gain shown on line 13. If that line is blank or shows a loss, enter zero	37	
38 Reduce any loss on line 36 to the extent of any gain on line 37	38	
39 Enter amount shown on line 24b	39	
40 Enter smaller of line 38 or 39	40	
41 Subtract line 40 from line 38	41	

Note: The amount on line 41 is the part of your short-term capital loss carryover from this year to next year that is attributable to years beginning after 1969

Section B — Long-term Capital Loss Carryover

42 Subtract line 40 from line 39. (Note: If you skipped lines 37 through 41, enter amount from line 24b)	42	
43 Enter loss from line 13; if none, enter zero and skip lines 44 through 47	43	
44 Enter gain shown on line 5. If that line is blank or shows a loss, enter a zero	44	
45 Reduce any loss on line 43 to the extent of any gain on line 44	45	
46 Multiply amount on line 42 by 2	46	
47 Subtract line 46 from line 45	47	

Note: The amount on line 47 is the part of your long-term capital loss carryover from this year to next year that is attributable to years beginning after 1969

Schedule G
(Form 1040)
Department of the Treasury
Internal Revenue Service

INCOME AVERAGING

▶ See instructions on pages 3 and 4
▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040 | Your social security number

WILLIAM J. & HILLARY CLINTON | 429/92/9947

BASE PERIOD INCOME AND ADJUSTMENTS	(a) 1st preceding base period year 1977	(b) 2nd preceding base period year 1976	(c) 3rd preceding base period year 1975	(d) 4th preceding base period year 1974
1 Amount from 1977 Form 1040 line 34	35,838			
2 Multiply $750 by the total number of exemptions claimed in 1977	1,500			
3 Taxable income (subtract line 2 from line 1. If less than zero enter zero)	34,338	37,641	35,154	24,764
4 Income earned outside of the United States or within U.S. possessions and excluded under sections 911 and 931	0	0	0	0
5 If you checked: (2 or 5 enter $3,200) (1 or 4 enter $2,200) (3 enter $1,600) in col. (b) on your 1978 Form 1040 box		3,200	3,200	3,200
6 Base period income (add lines 3, 4 and 5)	34,338	40,841	38,354	27,964

COMPUTATION OF AVERAGEABLE INCOME						
7 Taxable income for 1978 from Schedule TC (Form 1040)		7	65,611			
8 Certain amounts received by former employees subject to a penalty under sec. 72(m)(5)		8				
9 Subtract line 8 from line 7		9	65,611			
10 Excess community income		10				
11 Adjusted taxable income (subtract line 10 from line 9. If less than zero enter zero)				11	65,611	
12 Add columns (a) through (d), line 6, and enter here		12	141,497			
13 Enter 30% of line 12				13	42,449	
14 Averageable income (subtract line 13 from line 11)				14	23,162	

Do not complete rest of form if line 14 is $3,000 or less. You do not qualify for income averaging.

G

COMPUTATION OF TAX					
15 Amount from line 13			15	42,449	
16 20% of line 14			16	4,632	
17 Total (add lines 15 and 16)			17	47,081	
18 Excess community income from line 10			18		
19 Total (add lines 17 and 18)			19	47,081	
20 Tax on amount on line 19 *			20	14,003	
21 Tax on amount on line 17 *	21	14,003			
22 Tax on amount on line 15 *	22	11,802			
23 Subtract line 22 from line 21	23	2,201			
24 Multiply the amount on line 23 by 4			24	8,804	
NOTE: If no entry was made on line 8 above, skip lines 25 through 27 and go to line 28					
25 Tax on amount on line 7 *	25				
26 Tax on amount on line 8 *	26				
27 Subtract line 26 from line 25			27		
28 Tax (add lines 20, 24, and 27). Enter here and on Schedule TC (Form 1040). Also check Schedule G box on Schedule TC (Form 1040)			28	22,807	

* Caution: Use Tax Rate Schedule X, Y or Z from your 1978 Form 1040 instructions to figure your tax on lines 20, 21, 22, 25 and 26. Do not use tax tables.

PAGE 2 NOT APPLICABLE

LP 00665

SCHEDULE SE (Form 1040)
Department of the Treasury
Internal Revenue Service

Computation of Social Security Self-Employment Tax

1978

▶ Each self-employed person must file a Schedule SE.
▶ Attach to Form 1040. ▶ See Instructions for Schedule SE (Form 1040).

● If you had wages, including tips, of $ 17,700 or more that were subject to social security or railroad retirement taxes, do not fill in this schedule (unless you are eligible for the Earned Income Credit) See Instructions
● If you had more than one business, combine profits and losses from all your businesses and farms on this Schedule SE

Important.— The self-employment income reported below will be credited to your social security record and used in figuring social security benefits.

NAME OF SELF-EMPLOYED PERSON (AS SHOWN ON SOCIAL SECURITY CARD)
WILLIAM J. CLINTON

Social security number of self-employed person ▶ 429/92/9947

● If you have only farm income complete Parts I and III ● If you have only nonfarm income complete Parts II and III
● If you have both farm and nonfarm income complete Parts I, II, and III.

Part I Computation of Net Earnings from FARM Self-Employment

You may elect to compute your net farm earnings using the OPTIONAL METHOD, line 3, instead of using the Regular Method, line 2, if your gross profits are: (1) $2,400 or less, or (2) more than $2,400 and net profits are less than $1,600. However, lines 1 and 2 must be completed even if you elect to use the FARM OPTIONAL METHOD

REGULAR METHOD

1 Net profit or (loss) from: a Schedule F LINE 58-CASH OR LINE 76-ACCRUAL — 1a
b Farm partnerships — 1b

2 Net earnings from farm self-employment (add lines 1a and b) — 2

FARM OPTIONAL METHOD

3 If gross profits from farming[1] are: a Not more than $2,400, enter two-thirds of the gross profits — 3
b More than $2,400 and the net farm profit is less than $1,600 enter $1,600

[1] Gross profits from farming are the total gross profits from Schedule F plus the distributive share of gross profits from farm partnerships (Schedule K-1, Form 1065) as explained in instructions for Schedule SE

4 Enter here and on line 12a, the amount on line 2, or line 3 if you elect the farm optional method — 4

Part II Computation of Net Earnings from NONFARM Self-Employment

REGULAR METHOD

5 Net profit or (loss) from:
a Schedule C (Enter combined amount if more than one business) — 5a
b Partnerships, joint ventures, etc (other than farming) — 5b
c Service as a minister, member of a religious order, or a Christian Science practitioner (Include rental value of parsonage or rental allowance furnished.) If you filed Form 4361, check box and enter zero on this line ☐ — 5c
d Service with a foreign government or international organization — 5d
e Other Specify ▶ _____ — 5e 350

6 Total (add lines 5a through e) — 6 350

7 Enter adjustments if any (attach statement) — 7

8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7) — 8 350
If line 8 is $1,600 or more OR if you do not elect to use the Nonfarm Optional Method, omit lines 9 through 11 and enter amount from line 8 on line 12b, Part III

Note: You may use the nonfarm optional method (line 9 through line 11) only if line 8 is less than $1,600 and less than two-thirds of your gross nonfarm profits[1] and you had actual net earnings from self-employment of $400 or more for at least 2 of the 3 prior years. The nonfarm optional method can only be used for 5 taxable years

SE

NONFARM OPTIONAL METHOD

9 a Maximum amount reportable, under both optional methods combined (farm and nonfarm) — 9a $1,600 00
b Enter amount from line 3 (If you did not elect to use the farm optional method enter zero.) — 9b
c Balance (subtract line 9b from line 9a) — 9c

10 Enter two-thirds of gross nonfarm profits[1] or $1,600, whichever is smaller — 10

11 Enter here and on line 12b, the amount on line 9c, or line 10, whichever is smaller — 11

[1] Gross profits from nonfarm business are the total of the gross profits from Schedule C plus the distributive share of gross profits from nonfarm partnerships (Schedule K-1, Form 1065) as explained in instructions for Schedule SE. Also, include gross profits from services reported on lines 5c, d, and e, as adjusted by line 7

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss): a From farming (from line 4) — 12a
b From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method) — 12b 350

13 Total net earnings or (loss) from self-employment reported on line 12 (If line 13 is less than $400, you are not subject to self-employment tax. Do not fill in rest of Schedule) — 13 350

14 The largest amount of combined wages and self-employment earnings subject to Soc. Sec. or Railroad Ret. taxes is — 14 17,700

15 a Total "FICA" wages and "RRTA" compensation — 15a
b Unreported tips subject to FICA tax from Form 4137 or to RRTA — 15b
c Total of lines 15a and b — 15c

16 Balance (subtract line 15c from line 14) — 16

17 Self-employment—line 13 or 16, whichever is smaller — 17

18 Multiply the amount on line 17 by .081 — 18
This is the Self-Employment Tax. Enter here and on Form 1040

LP 00666

SCHEDULE SE (Form 1040)
Department of the Treasury
Internal Revenue Service

Computation of Social Security Self-Employment Tax

▶ Each self-employed person must file a Schedule SE.
▶ Attach to Form 1040. ▶ See Instructions for Schedule SE (Form 1040).

1978

● If you had wages, including tips, of $ 17,700 or more that were subject to social security or railroad retirement taxes, do not fill in this schedule (unless you are eligible for the Earned Income Credit). See Instructions.
● If you had more than one business, combine profits and losses from all your businesses and farms on this Schedule SE

Important — The self-employment income reported below will be credited to your social security record and used in figuring social security benefits

NAME OF SELF-EMPLOYED PERSON (AS SHOWN ON SOCIAL SECURITY CARD)
HILLARY CLINTON

Social security number of self-employed person ▶ 353/40/2536

● If you have only farm income complete Parts I and III. ● If you have only nonfarm income complete Parts II and III.
● If you have both farm and nonfarm income complete Parts I, II, and III.

Part I Computation of Net Earnings from FARM Self-Employment

You may elect to compute your net farm earnings using the OPTIONAL METHOD, line 3, instead of using the Regular Method, line 2, if your gross profits are: (1) $2,400 or less, or (2) more than $2,400 and net profits are less than $1,600. However, lines 1 and 2 must be completed even if you elect to use the FARM OPTIONAL METHOD.

REGULAR METHOD

1 Net profit or (loss) from: a Schedule F . LINE 58-CASH OR LINE 76-ACCRUAL — 1a
b Farm partnerships — 1b

2 Net earnings from farm self-employment (add lines 1a and b) — 2

FARM OPTIONAL METHOD

3 If gross profits from farming[1] are: a Not more than $2,400, enter two-thirds of the gross profits — 3
b More than $2,400 and the net farm profit is less than $1,600, enter $1,600 — 3

[1] Gross profits from farming are the total gross profits from Schedule F plus the distributive share of gross profits from farm partnerships (Schedule K-1, Form 1065) as explained in instructions for Schedule SE.

4 Enter here and on line 12a, the amount on line 2, or line 3 if you elect the farm optional method — 4

Part II Computation of Net Earnings from NONFARM Self Employment

REGULAR METHOD

5 Net profit or (loss) from:
a Schedule C (Enter combined amount if more than one business.) — 5a — 3,420
b Partnerships, joint ventures, etc. (other than farming) — 5b
c Service as a minister, member of a religious order, or a Christian Science practitioner (Include rental value of parsonage or rental allowance furnished.) If you filed Form 4361, check box and enter zero on this line ☐ — 5c
d Service with a foreign government or international organization — 5d
e Other: Specify ▶ ——— — 5e — 740

6 Total (add lines 5a through e) — 6 — 4,160

7 Enter adjustments if any (attach statement) — 7

8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7) — 8 — 4,160
If line 8 is $1,600 or more OR if you do not elect to use the Nonfarm Optional Method, omit lines 9 through 11 and enter amount from line 8 on line 12b, Part III
Note: You may use the nonfarm optional method (line 9 through line 11) only if line 8 is less than $1,600 and less than two-thirds of your gross nonfarm profits[1] and you had actual net earnings from self-employment of $400 or more for at least 2 of the 3 prior years. The nonfarm optional method can only be used for 5 taxable years

SE

NONFARM OPTIONAL METHOD

9 a Maximum amount reportable, under both optional methods combined (farm and nonfarm) — 9a — $1,600 00
b Enter amount from line 3 (If you did not elect to use the farm optional method, enter zero.) — 9b
c Balance (subtract line 9b from line 9a) — 9c

10 Enter two-thirds of gross nonfarm profits[1] or $1,600, whichever is smaller — 10

11 Enter here and on line 12b, the amount on line 9c, or line 10, whichever is smaller — 11

[1] Gross profits from nonfarm business are the total of the gross profits from Schedule C plus the distributive share of gross profits from nonfarm partnerships (Schedule K-1, Form 1065) as explained in instructions for Schedule SE. Also, include gross profits from services reported on lines 5c, d and e as adjusted by line 7

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss): a From farming (from line 4) — 12a
b From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method) — 12b — 4,160

13 Total net earnings or (loss) from self-employment reported on line 12. (If line 13 is less than $400, you are not subject to self-employment tax. Do not fill in rest of Schedule) — 13 — 4,160

14 The largest amount of combined wages and self-employment earnings subject to Soc. Sec. or Railroad Ret. taxes is — 14 — 17,700

15 a Total "FICA" wages and "RRTA" compensation — 15a — 17,700
b Unreported tips subject to FICA tax from Form 4137 or to RRTA — 15b
c Total of lines 15a and b — 15c — 17,700

16 Balance (subtract line 15c from line 14) — 16

17 Self-employment—line 13 or 16, whichever is smaller — 17

18 Multiply the amount on line 17 by .081
This is the Self-Employment Tax. Enter here and on Form 1040 — 18

LP 00667

Schedule TC (Form 1040)

Department of the Treasury
Internal Revenue Service

TAX COMPUTATION SCHEDULE

► Attach to Form 1040.

1978

Name(s) as shown on Form 1040

WILLIAM J. & HILLARY CLINTON

Your social security number

123/03/0047

PART I Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34 is more than $20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040
- Your income on Form 1040, line 34 is more than $40,000 and you checked Filing Status Box 2 or 5 on Form 1040
- You had more exemptions than were covered in the Tax Tables for your filing status
- You figure your tax using the alternative tax computation on Schedule D (Capital Gains and Losses), Schedule G (Income Averaging), or Form 4726 (Maximum Tax on Personal Service Income)

1	Enter the amount from Form 1040, line 34	1	67,111
2	Multiply $750 by the total number of exemptions claimed on Form 1040, line 7	2	1,500
3	Taxable income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the methods listed on line 4)	3	65,611
4	Income Tax. Check if from: [ ] Tax Rate Schedule 1, 2, or 3; [ ] Schedule D; [X] Schedule G; or [ ] Form 4726	4	22,807

General Tax Credit

5	Multiply $35 by the total number of exemptions claimed on Form 1040, line 7. If you are married filing a separate return, skip lines 6 through 9 and enter the amount from line 5 on line 10	5	70	
6	Enter the amount from line 3 above	6	65,611	
7	Enter: $3,200 if you are married filing a joint return or a qualifying widow(er); $2,200 if you are single or an unmarried head of household	7	2,200	
8	Subtract line 7 from line 6	8	62,411	
9	Enter 2% of line 8 but do not enter more than $180	9	180	
10	General Tax Credit. Enter the amount from line 5 or line 9, whichever is larger			10 180
11	Tax. Subtract line 10 from line 4. If $0 or less, enter $0. Enter this amount on Form 1040, line 35		►	11 22,627

PART II Computation for Certain Taxpayers Who Must Itemize Deductions

If you are included in one of the groups below, you MUST itemize. If you must itemize and the amount on Schedule A, Form 1040, line 40 is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

A. You can be claimed as a dependent on your parent's return and had interest, dividends, or other unearned income of $750 or more; and less than $2,200 of earned income if single; less than $1,600 if married filing a separate return.

B. You are married filing a separate return and your spouse itemizes deductions. There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and/or C above and has earned income instead of itemized deductions on Part II, line 3, of the Schedule. If this is the case, don't complete Part II. Go here ► Form 1040, line 33, and enter $0. Then go to line 34.

Note: If your earned income is more than your itemized deductions on Schedule A, line 39, enter your earned income in Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Generally, your earned income is the total of any amounts on Form 1040, lines 8, 13, and 19. See page 11 of the instructions for Form 1040 for more details.

C. You file Form 4563 to exclude income from sources in U.S. possessions. Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.

D. You had dividends or interest (other than any of the following: interest on the obligations of the executive, legislative, or judicial branches of the U.S. Government, any of its agencies, or any of its instrumentalities; U.S. savings bonds issued after 1934; and interest or dividends on obligations issued by or on behalf of certain foreign governments) from sources outside the United States and you are reporting any item of foreign source income.

1	Enter the amount from Form 1040, line 31	1	( )
2	Enter the amount from Schedule A, line 40	2	
3	Enter the amount from Schedule A, line 39	3	

Caution: If you can be claimed as a dependent on your parent's return, see the Note above. Then, if you checked the box below line 33 of Form 1040:

4	Subtract line 3 from line 2	4	
5	Add line 1 and line 4. Enter here and on Form 1040, line 34. (Leave line 33 blank.)	► 5	

LP 00668

Form 2210
Department of the Treasury
Internal Revenue Service

UNDERPAYMENT OF ESTIMATED TAX BY INDIVIDUALS

▶ Attach this form to Form 1040.

1978

Name as shown on Form 1040 | Social security number

WILLIAM J. & HILLARY CLINTON | 429/92/9947

PART I How to Figure Your Underpayment (Complete lines 1 through 16)
If you meet any of the exceptions to the underpayment penalty for ALL four periods skip lines 1 to 16 and go on to line 17

1	Tax		22,627
2	Earned income credit	0	
3	Tax credit claimed for special fuels and oils	0	
4	Minimum tax	0	
5	Social security (FICA) tax on tip income	0	
6	Uncollected employee FICA and RRTA tax on tips	0	
7	Tax on an individual retirement arrangement	0	
8	Refundable business energy credit		
9	Total (add lines 2 through 8)		0
10	Balance (line 1 less line 9)		22,627
11	Enter 80% of the amount shown on line 10		18,102

		Due Dates of Installments			
		(a) April 15 1978	(b) June 15 1978	(c) Sept 15 1978	(d) Jan 15 1979
12	Divide amount on line 11 by the number of payments required for the year	4,525	4,525	4,526	4,526
13	Amounts paid on estimate for each period and tax withheld	2,323	2,322	2,322	2,322
14	Overpayment of previous installment		0	0	0
15	Total (add lines 13 and 14)	2,323	2,322	2,322	2,322
16	Underpayment (line 12 less line 15) OR Overpayment (line 15 less line 12)	2,202	2,203	2,204	2,204

PART II Exceptions to the Penalty
Farmers and fishermen see instructions for special exemption

17	Total amount paid and withheld from January 1 through the installment date indicated	2,323	4,645	6,967	9,289
18	Exception 1 - Prior year's tax ▶ 8,194	25% of tax 2,048	50% of tax 4,096	75% of tax 6,144	100% of tax 8,194
19	Exception 2 - Tax on prior year's income using rates and exemptions	Enter 25% of tax	Enter 50% of tax	Enter 75% of tax	Enter 100% of tax
20	Exception 3 - Tax on annualized income	Enter 20% of tax	Enter 40% of tax	Enter 60% of tax	Not applicable
21	Exception 4 - Tax on 1978 income over 3, 5, and 8 month periods	Enter 90% of tax	Enter 90% of tax	Enter 90% of tax	

PART III How to Figure the Penalty
(Complete lines 22 through 26)

22	Amount of underpayment (from line 16)	0	0	0	0
23	Date of payment or April 15 1979 whichever is earlier				
24	Number of days from due date of payment to date on line 23	0	0	0	0
25	Number of days on line 24 x 6% x Amt on line 22 / 365	0	0	0	0
26	Penalty (add amounts on line 25). Check the box on Form 1040 and show this amount in the space provided. Then increase the "Balance Due" or decrease the amount "Overpaid" accordingly				0

Form 2210

LP 00669

SCHEDULE 09-CASH CONTRIBUTIONS

	FEDERAL	STATE
NON-ITEMIZED CONTRIBUTIONS	1,233	1,233
TOTAL	1,233 **	1,233 **

LP 00670

SCHEDULE 28-LONG TERM CAPITAL GAINS

DESCRIPTION DATE ACQU	DATE SOLD	SALE PRICE	DEP	COST	FEDERAL GAIN/LOSS	STATE
-INSTL SALE SEE SCH / /	/ /				788	- 788
-INSTL SALE-COLLECT / /	/ /				98	98
-9ACRES-LAND 01/25/77	05/17/78	5,000		2,850	2,150	2,150
	TOTAL-				3,036 **	3,036 **

SCHEDULE 30-SHORT TERM CAPITAL GAINS

DESCRIPTION DATE ACQU	DATE SOLD	SALE PRICE	DEP	COST	FEDERAL GAIN/LOSS	STATE
J-COMMODITIES / /	/ /				26,541	26,541
	TOTAL-				26,541 **	26,541 **

LP 00671

R. H. Clinton 429-92-9327

INSTALLMENT GAIN ON SALE

DESCRIPTION OF PROPERTY: 15 acres unimproved land	DATE ACQUIRED 1/25, 1977	DATE SOLD 7/23, 1978
1. GROSS SALE PRICE	$ XXX	$ 14925
2. ORIGINAL COST	7800	XXX
3. IMPROVEMENTS		XXX
4. TOTAL COSTS (2 + 3)	7800	XXX
5. LESS ALLOWED/ALLOWABLE DEPRECIATION		XXX
6. ADJUSTED BASIS (4 - 5)	7800	XXX
7. EXPENSES OF SALE	750	XXX
8. ADJUSTED BASIS PLUS EXPENSES (6 + 7)	XXX	8550
9. PROFIT ON SALE (1 - 8)	XXX	6375
10. MORTGAGE PRIOR TO SALE (ASSUMED BY BUYER)		XXX
11. TO BE COLLECTED BY SELLER (1 - 10)	14925	XXX
12. EXCESS OF ASSUMED MORTGAGE OVER BASIS (10 - 6)		XXX
13. "CONTRACT PRICE" (11 + 12)	14925	XXX
14. RATIO OF PROFIT TO CONTRACT PRICE (9 - 13)	42.7%	
15. DOWN PAYMENT IN YEAR OF SALE	1500	XXX
16. OTHER PRINCIPAL PAYMENTS IN YEAR OF SALE	564	XXX
17. TOTAL COLLECTED IN YEAR OF SALE (15 + 16)	2064	XXX
18. EXCESS MORTGAGE OVER COST (ITEM 12)		XXX
19. "PAYMENTS" IN YEAR OF SALE (17 + 18)	XXX	2064

YEAR	PRINCIPAL PAYMENTS	PERCENT OF GAIN	TAXABLE GAIN TO SCH D	TAXABLE GAIN TO FORM 4797	DEFERRED BALANCE OF GAIN
19 78	2066	42.9%	886		5508
19					
19					
19					
19					
19					
19					
19					
19					
19					

THE TAXPAYER HEREBY ELECTS TO REPORT THE GAIN ON THIS SALE UNDER THE INSTALLMENT METHOD OF ACCOUNTING AS DEFINED IN IRC SECTION 453.

LP 00672

Rolling Manor
Inc.

James B. McDougal
President

J.W. Fulbright
Chairman of the Board

February 4, 1977

Bill Clinton
5419 L Street
Little Rock, Arkansas

Dear Bill,

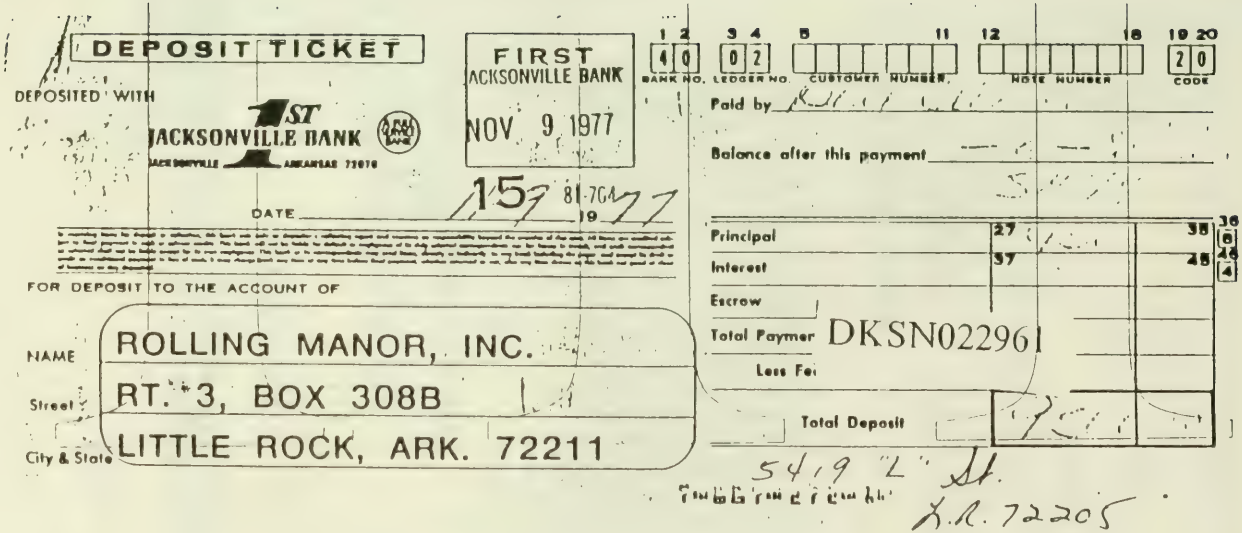
Between now and April 1st please mail us your down payment of $100.00 - If you have it to spare.

Beginning in April mail a check payable to Rolling Manor, Inc. in the amount of $155.51 to our bank in one of the enclosed envelopes.

Sincerely,

James B. McDougal

DKSN022066



DEPOSIT TICKET

DEPOSITED WITH

1ST JACKSONVILLE BANK

JACKSONVILLE ARKANSAS 72076

FIRST JACKSONVILLE BANK

NOV 9 1977

DATE 15 81-704 19 77

FOR DEPOSIT TO THE ACCOUNT OF

NAME ROLLING MANOR, INC.

Street RT. 3, BOX 308B

City & State LITTLE ROCK, ARK. 72211

1 2 BANK NO. 4 0 | 3 4 LEDGER NO. 0 2 | 5 11 CUSTOMER NUMBER | 12 18 NOTE NUMBER | 19 20 CODE 2 0

Paid by

Balance after this payment

Principal 27 38 36 6

Interest 37 48 46 4

Escrow

Total Paymer DKSN022961

Less Fe

Total Deposit

5419 "L" St.

Little Rock

A.R. 72205

1291

CERTIFICATE OF PARTICIPATION

UNION NATIONAL BANK OF LITTLE ROCK
LITTLE ROCK, ARKANSAS

Gentlemen:

We offer you a participation in the following loan:

BORROWER James B. McDougal , etux Bill Clinton, et ux ADDRESS 1406 Cantrell Road, Little Rock, Ar.

TOTAL LOAN $182,611.20 DATE OF NOTE August 2n, 1978

AMOUNT ASSIGNED TO YOU 91,305.60 RETAINED BY US 91,305.60

SECURED BY COLLATERAL AS FOLLOWS: Part of Sec. 9, Twp. 18 N., R 14 W., part of Sec. 8, Twp. 18 N, R 14 W. cont. 230.24 acres m

DUE DATE OF NOTE Demand NET WORTH OF BORROWER see Union National Bank Little Rock, File

ESTIMATED VALUE OF COLLATERAL $242,000.00

We hereby assign a $ 91,305.60 interest in the above note to you without recourse and do, also, assign such interest in said security agreement, deed of trust and/or other collateral as is necessary to secure your interest in said note, and we agree that such security agreement, deed of trust, and/or other collateral pledged to us shall secure your interest in said note and our interest in said note concurrently and proportionately in the proportion that the interest held by each of us shall bear to the entire indebtedness, and in case of a foreclosure sale under said security agreement, deed of trust and/or other collateral, the security shall be purchased at such sale for the proportionate benefit of both you and the undersigned. We shall endeavor to use the same care in servicing said loan as we would if said loan were made entirely for our own account and in that connection it is agreed that we may use our sole discretion with respect to exercising or refraining from exercising our rights with respect thereto. We will not without your prior written consent (a) change the rate of interest on said loan, or (b) release any security which we may at any time or from time to time hold for the purpose of securing said loan. The undersigned will, at any time requested by the said Union National Bank of Little Rock, execute and deliver to it formal assignment of the above security. Unless stipulated between the parties in writing to the contrary, it is agreed that all collection of balance of principal and interest will be applied on a pro rata basis, as previously stated, and these distributions will be made as collected.

This participation draws interest at the rate of 10 % from date.

DATED this 2nd day of August , 19 78 .

ATTEST

Frank B. Burge
(Title) Frank B. Burge- Vice President

Citizens Bank and Trust Company - Flippin, Ar.
(Bank)

BY: J. N. Patterson
(Title) J. N. Patterson - President

ACCEPTED

UNION NATIONAL BANK OF LITTLE ROCK

BY: Merin Jackson
(Title) AVP

Form 165

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 378-0377
TELECOPIER (501) 375-1309

August 11, 1982

Theresa V. Pockrus
Executive Vice President
Madison Bank & Trust
101 Public Square
Kingston, Arkansas 72742

Dear Ms. Pockrus:

I wanted to confirm the message that I left for you when I called to speak with you about your letter of August 5, 1982. I ask that you speak with either Mr. or Mrs. McDougal who have made all arrangements for this loan. It has been my understanding that the loan has been paid out of proceeds from sales by the White Water Development Corporation. If there need to be increases in the amount of payment then Mr. or Mrs. McDougal will have to authorize those increases. I would appreciate your checking on this matter for me and advising me as soon as possible.

Sincerely yours,

Hillary Rodham

HR·jc

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL
DRR14001134

U.S. AutoGlass Center, Inc.
America's Oldest and Largest Glass Service
Auto • Commercial • Residential
821 Broadway, Little Rock, AR 72201 (501) 376-0711

1999 Pont. Grand Am GT
4 35,000 miles Tan WW
2, 3, 4, 5, 6, 9, 10, 11, 12
14, 15, 16, 17, 18
20, 22, 23, 24
25, 30, 35, 37
43, 44
60.00
5/4/92

ORDINARILY REPLACING GLASS AT INSURED'S HOME OR PLACE OF BUSINESS
IF TOLL, CALL COLLECT

U.S. AutoGlass Center, Inc.
America's Oldest and Largest Glass Service
Auto • Commercial • Residential
821 Broadway, Little Rock, AR 72201 (501) 376-0711

18 - Collision Rpr. 6.772.89

968.00 x 110.55 06 = 107.084.84
Collision 6.773.88
113.863.72

ORDINARILY REPLACING GLASS AT INSURED'S HOME OR PLACE OF BUSINESS
IF TOLL, CALL COLLECT

CONFIDENTIAL

Acct	110.63
Acct	- 3.116
Acct	116.09
Acct	7.07
Acct	6.23
Acct	5.03
Acct	5.99
Acct	1.25
Acct	1.75
Acct	2.60
Acct	5.04
Acct	5.00
Acct	0.00
Acct	5.22
Acct	5.21
Acct	5.10
Acct	4.38
Acct	3.10
Acct	3.50
Acct	3.66
Acct	6.49
Acct	5.67
Acct	5.52
Acct	5.23
Acct	5.00
Acct	6.71
Acct	0.00

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

BAKER COMPANY

OFFER AND ACCEPTANCE

14 Sept 19 85

To Baker Co Agent.

1. The undersigned, herein called the Buyer, offers to buy, subject to the terms set forth herein, the following property: (If additional space is needed, use back side.)

Tract #34 White Water Estates

2. The Buyer will pay $ 1000.00 for the property, $ 1500.00 in cash and the balance of $ 2800.00 as follows: Monthly installments of $40 including interest

3. Special conditions: 1. Title insurance
2. Survey if required
3. Water Connection Fee $1484

4. Conveyance shall be made to Buyer, or as directed by Buyer, by general warranty deed except it shall be subject to recorded restrictions and easements, if any.

5. The owner of the above property, hereinafter called Seller, shall furnish at Seller's cost a complete abstract reflecting merchantable title satisfactory to Buyer's attorney, however Seller shall have an option to furnish Buyer, in place of abstract, a policy of title insurance, and submission of an abstract shall not constitute a waiver of this option. Seller shall have a reasonable time after acceptance within which to furnish abstract or title insurance. If objections are made to title, Seller shall have a reasonable time to meet the objections or to furnish title insurance.

6. Buyer herewith tenders $ ____ as earnest money, to become part of purchase price upon acceptance. This sum shall be held by Agent and if offer is not accepted or if title requirements are not fulfilled, it shall be promptly returned to Buyer. If, after acceptance, Buyer fails to fulfill his obligations, the earnest money may become liquidated damages, which fact shall not preclude Seller or Agent from asserting other legal rights which they may have because of such breach.

7. Taxes and special assessments, due on or before the closing date shall be paid by the Seller. Current general taxes and special assessments shall be pro-rated as of closing date based upon the last tax statement. Insurance, interest and rental payments shall be pro-rated as of closing date.

8. Seller shall vacate the property and deliver possession to Buyer on or before ____ days after the closing date. Seller agrees to pay rent to Buyer at the rate of $ ____ per day from possession is given after closing date.

9. Buyer certifies that he has inspected the property and he is not relying upon any warranties, representations or statements of the Agent or Seller as to age or physical condition of improvements. The risk of loss or damage to the property by fire or other casualty occurring up to the time of transfer of title on the closing date is assumed by Seller.

10. This Offer is binding upon Buyer if accepted within ____ days from date.

H A Nelson
Agent

By Baker Co

Buyer

Buyer

The above Offer is accepted on ____ 19____ I/We agree to pay the above named Agent a fee of ____ for professional services rendered in securing said Offer. If (or any reason the earnest money provided for herein is forfeited by Buyer under the provisions hereof, same shall be divided equally between Seller and Agent after payment to Agent of his incurred expenses.

Salesman

CONFIDENTIAL

S:

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT200473

CONFIDENTIAL

BAKER COMPANY

REAL ESTATE

December 14

P. O. Box [illegible]
Little Rock, Arkansas 72203

Dear [illegible]:

Mr. Yancey has accepted the counter of $12,000. Please sign and return the offer and acceptance to us.

Also we are enclosing contract and deed for your signatures to save a little time. Let us know if you have any questions.

Sincerely,

THE BAKER COMPANY

Harry Williams

mf

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL

Mr. James B. McDougal
4 Betswood
Little Rock, AR 72207

Mr. and Mrs. Bill Clinton
Governor's Mansion
Little Rock, AR 72202

November 14, 1986

Dear Bill and Hillary

This is a status report on Whitewater Development Corporation. The company to date has experienced losses totaling approximately $90,000.00. Charles James keeps the books for the corporation and will be happy to go over the books with you anytime you wish.

As of last summer we had succeeded in selling all of the property and had placed with the Bank purchase agreements and notes from these sales sufficient to amortize the debt of the corporation.

Our dealings with the Bank have been made most difficult with five changes in management during the life of this loan. The Bank has consistently failed to keep us informed as to the status of the escrows and the loan. Apparently three of the purchasers of the more expensive tracts have defaulted. Failure to receive these payments to apply on our loan has created a large deficiency in our note payment. As it is unlikely that these tracts in default can be resold during the winter months this deficiency will continue to mount at an unacceptable rate.

I was motivated to send you a stock transfer by two factors. Firstly, I wanted to get you out of the company because of the high potential of embarrassment to you. Secondly, I had hoped to be able to take advantage of the $90,000.00 loss for tax purposes since Susan and I have no large income contributed to the company the funds necessary to cover these losses. I can well understand your desire to have your name off the note and hope you are successful in accomplishing this.

The purpose of the Warranty deed with lien retained which requires Hillary's signature is to get the property recorded in the name of Hillman Logan thus avoiding the recurring problem of Hillary appearing delinquent in the payment of Real Property Taxes in Marion County.

Congratulations on your stunning victory and best wishes for an even more successful four year term.

Sincerely,

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES
CONFIDENTIAL
DKRT200475

Form **1120** — U.S. Corporation Income Tax Return

For calendar year 1985 or tax year beginning June 1, 1985, ending May 31, 19 86

OMB No. 1545-0123

1985

► For Paperwork Reduction Act Notice, see page 1 of the instructions.

Check if a: Consolidated return / Personal Holding Co. / Personal Service Corp.

Use IRS label. Otherwise please print or type.

Name: WHITEWATER DEVELOPMENT COMPANY, INC.

Number and street: 4 BETSWOOD

City or town, state, and ZIP code: LITTLE ROCK, ARKANSAS 72207

B Employer identification number: 71-0524165

E Date incorporated: 6/16/79

F Total assets (see Specific Instructions): $ 121,394.24

C Check here if the IRS has changed your name or address from the previous year ►

Income	1 a Gross receipts or sales ..... b Less returns and allowances ..... Balance ►		1c	
	2 Cost of goods sold and/or operations (Schedule A)		2	
	3 Gross profit (line 1c less line 2)	SCHEDULE	3	(45,093.67)
	4 Dividends (Schedule C)		4	
	5 Interest		5	5,552.89
	6 Gross rents		6	
	7 Gross royalties		7	
	8 Capital gain net income (attach Schedule D)		8	
	9 Net gain or (loss) from Form 4797, line 12, Part II (attach Form 4797)		9	
	10 Other income (see instructions — attach schedule)		10	
	11 TOTAL income — Add lines 3 through 10 and enter here	►	11	(39,140.78)
Deductions	12 Compensation of officers (Schedule E)		12	
	13 a Salaries and wages ..... b Less jobs credit ..... Balance ►		13c	
	14 Repairs		14	
	15 Bad debts (Schedule F if reserve method is used)		15	
	16 Rents		16	
	17 Taxes		17	2026.62
	18 Interest		18	12,484.50
	19 Contributions (see instructions for 10% limitation)		19	
	20 Depreciation (attach Form 4562) — 20			
	21 Less depreciation claimed in Schedule A and elsewhere on return — 21a		21b	
	22 Depletion		22	
	23 Advertising		23	
	24 Pension, profit-sharing, etc. plans		24	
	25 Employee benefit programs		25	
	26 Other deductions (attach schedule)		26	535.00
	27 TOTAL deductions — Add lines 12 through 26 and enter here	►	27	13,261.12
	28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27)		28	(52,406.85)
	29 Less: a Net operating loss deduction (see instructions) — 29a			
	b Special deductions (Schedule C) — 29b		29c	(90,418.75)
	30 Taxable income (line 28 less line 29c)		30	(142,825.60)
	31 TOTAL TAX (Schedule J)		31	NONE
Tax and Payments	32 Payments:			
	a 1984 overpayment allowed as a credit			
	b 1985 estimated tax payments			
	c Less 1985 refund applied for on Form 4466	( )		
	d Tax deposited with Form 7004			
	e Credit from regulated investment companies (attach Form 2439)			
	f Credit for Federal tax on gasoline and special fuels (attach Form 4136)		32	
	33 Enter any PENALTY for underpayment of estimated tax — check ► ☐ if Form 2220 is attached		33	
	34 TAX DUE — If the total of lines 31 and 33 is larger than line 32, enter AMOUNT OWED		34	NONE
	35 OVERPAYMENT — If line 32 is larger than the total of lines 31 and 33, enter AMOUNT OVERPAID		35	
	36 Enter amount of line 35 you want: Credited to 1986 estimated tax ►	Refunded ►	36	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer — Date — Title

Preparer's signature — Date — Check if self-employed — Preparer's social security number

Preparer's name (or yours if self-employed) and address — E.I. No. — ZIP code

CONFIDENTIAL

CONFIDENTIAL — PRODUCED BY THE IRS TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT200476

STATEMENT OF ACCOUNT

Citizens Bank & Trust Company

Floppin Summit
453-2255 449-4011

FDIC

WHITEWATER DEVELOPMENT CO INC
[illegible] LTD
KINGSTON AR 72742

INTEREST RATE	CUSTOMER NUMBER
PAID TO DATE 0952.27	000 3175
	STATEMENT PERIOD 04/29 05/30/85
ACCT 710 52 4165	NUMBER 1

Please examine at once. Check your statement and vouchers and report any discrepancy within ten days. Please direct any phone inquiries regarding your account to 453-2255 or written inquiries regarding your account to the above address

See reverse side for explanation of credit and other important information

CHECKING ACCOUNT

CHECKS AMOUNT	DEPOSITS AMOUNT		BALANCE
	3175 PREVIOUS BALANCE		1,407.65
128.00 DEPOSIT	181.00 DEPOSIT	05/03	1,716.65
146.00 DEPOSIT		05/07	1,862.65
173.55 DEPOSIT	240.69 DEPOSIT	05/14	2,225.89
82.01 DEPOSIT		05/22	2,309.70
2303.78 CHECK		05/23	5.12
438.00 DEPOSIT		05/30	443.12

LOAN

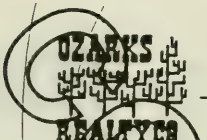
AMOUNT			
	5995 PREVIOUS BALANCE		95,590.82
1767.79 INTEREST	536.00 PRINCIPAL	05/23	95,054.82

	PREVIOUS BALANCE		CHECKS AMOUNT		DEPOSITS AMOUNT		CHARGES		CLOSING BALANCE
CHECKING	1,407.65	1	2,303.78	7	1,339.27				443.12
LOAN	95,590.82			1	536.00				95,054.82

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DRTF400481



700 MAIN STREET (U.S. HWY. 62) • (501) 453-2276 • P.O. BOX 700 • FLIPPIN, ARKANSAS 72634

North Central Board of REALTORS
Arkansas REALTORS Association

CONFIDENTIAL

MAY 4, 1985

Whitewater Development Company, Inc.

Little Rock, AR 72201

RE: Closing Statement for Whitewater Estates, Lots 2, 3, 4, 5, 6, 9, 10, 11, 12, 14, 15, 16, 17, 18, 20, 22, 23, 24, 29, 30, 35, 37, 43, and 44 of Whitewater Estates.

Dear Sirs:

CREDITS:

Sale Price.....$35,000.00 plus 1979 Piper Seminole Aircraft

DEBITS:

Assume Portion Of WW loan
#5885 Citizens Bank.....$35,000.00

DUE SELLER AT CLOSING:

1979 Piper Seminole, Model PA-44-180 N8248F

We appreciate your business. Please let us know when we can be of further assistance.

Sincerely,

OZARKS REALTY CO.

Earl J. Stafford
Broker

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT00649

SECURITY RELEASE AGREEMENT

THIS AGREEMENT is made and entered into in Flippin, Arkansas, on this 17th day of May, 1985, by and between Citizens Bank & Trust Company of Flippin, Arkansas, herein after referred to as "BANK", and Ozark Air Service Inc., herein after referred to as "OZARK", wherein the following premises, covenants and stipulations are mutually agreed, to wit:

1. Ozark has entered into an agreement with Whitewater Estates, Inc., for the purchase of lots 2, 3, 4, 5, 6, 9, 10, 11, 12, 14, 15, 16, 17, 18, 20, 22, 23, 24, 29, 30, 35, 37, 43 and 44 of Whitewater Estates Subdivision in Marion County, Arkansas.

2. That Bank presently holds the mortgage on said properties together with others and that said mortgage exceeds $35,000 dollars.

3. That Ozark is purchasing said properties from Whitewater Estates, Inc., for the consideration of assuming and agreeing to pay $35,000 dollars of the existing mortgage secured in part by the above properties. That Bank consents to the transfer of title to the above properties but by said consent does not release Whitewater Estates, Inc., from any lawful obligation of payment.

4. That Bank agrees and covenants with Ozark that for each amount of $1,600 dollars paid on the mortgage Bank will fully release from said mortgage any one of the account lots as Ozark may designate.

5. That the properties hereto acknowledge the sufficiency of the considerations given for this agreement.

6. Whitewater Estates, Inc., shall sign hereto by its President and Secretary for the purpose of acknowledging its agreement with Ozark and for the additional purpose of consenting to the release of security by Bank on the terms above set-out.

CITIZENS BANK & TRUST COMPANY

BY: _____

TITLE: _____

ATTEST:

_____
SECRETARY

(SEAL)

OZARK AIR SERVICE, INC.

BY: _____
PRESIDENT

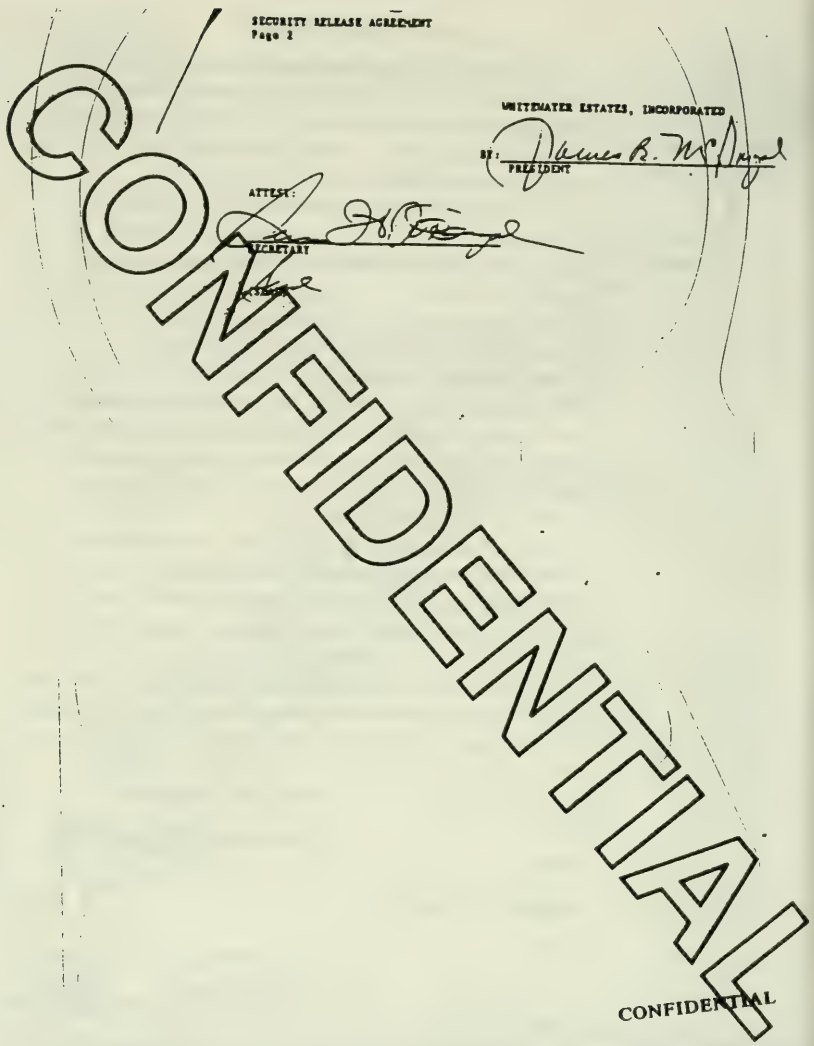
ATTEST:

_____
SECRETARY

CONFIDENTIAL

DKRT100650

CONFIDENTIAL — PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



SECURITY RELEASE AGREEMENT
Page 2

WHITEWATER ESTATES, INCORPORATED

BY: James B. McDougal
PRESIDENT

ATTEST:

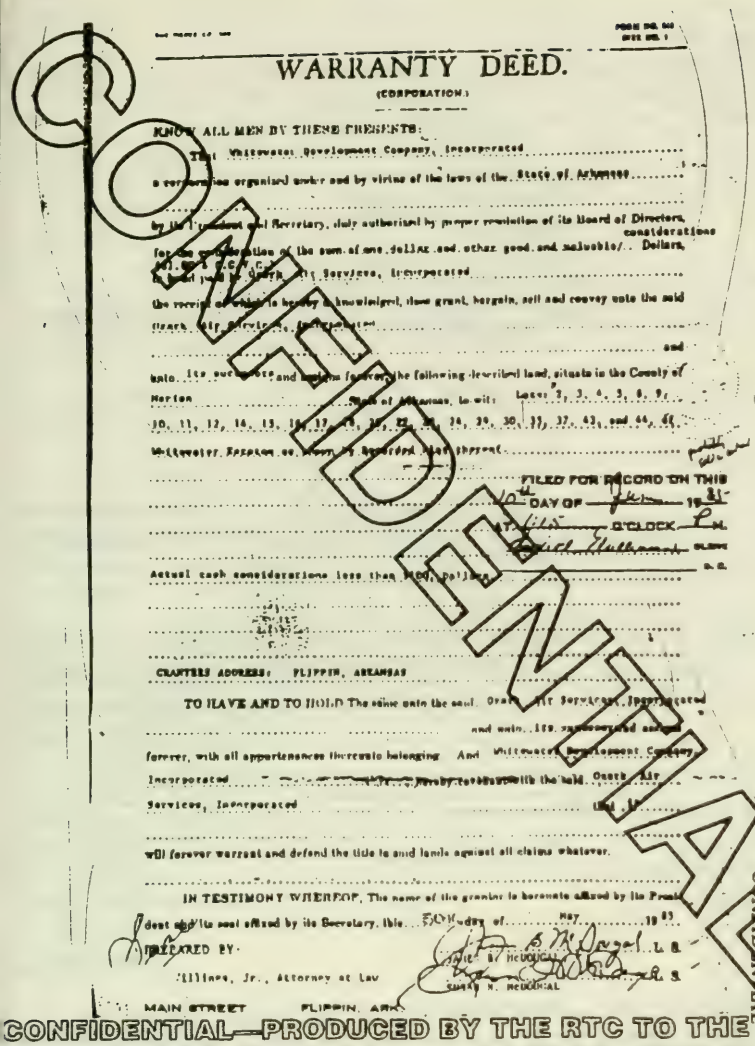
SECRETARY

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

WRT100651



WARRANTY DEED.

(CORPORATION)

KNOW ALL MEN BY THESE PRESENTS:

That Whitewater Development Company, Incorporated

a corporation organized under and by virtue of the laws of the State of Arkansas

by its President and Secretary, duly authorized by proper resolution of its Board of Directors, for and in consideration of the sum of one dollar and other good and valuable/ Dollars, and other good and valuable considerations to it paid by Ozark Air Services, Incorporated

the receipt of which is hereby acknowledged, does grant, bargain, sell and convey unto the said Ozark Air Services, Incorporated

and unto its successors and assigns forever, the following described land, situate in the County of Marion State of Arkansas, to-wit: Lots 1, 2, 4, 5, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 23, 24, 29, 30, 31, 37, 43, and 44, of Whitewater Estates as shown by Recorded Plat thereof.

FILED FOR RECORD ON THIS 10th DAY OF June 19 83
AT 1:15 O'CLOCK P M.
Carol Hallmark CLERK
D. C.

Actual cash consideration less than $100.00 dollars.

GRANTEE'S ADDRESS: FLIPPIN, ARKANSAS

TO HAVE AND TO HOLD The same unto the said Ozark Air Services, Incorporated and unto its successors and assigns forever, with all appurtenances thereunto belonging. And Whitewater Development Company, Incorporated hereby covenants with the said Ozark Air Services, Incorporated that it will forever warrant and defend the title to said lands against all claims whatever.

IN TESTIMONY WHEREOF, The name of the grantor is hereunto affixed by its President and its seal affixed by its Secretary, this 30th day of May, 19 83

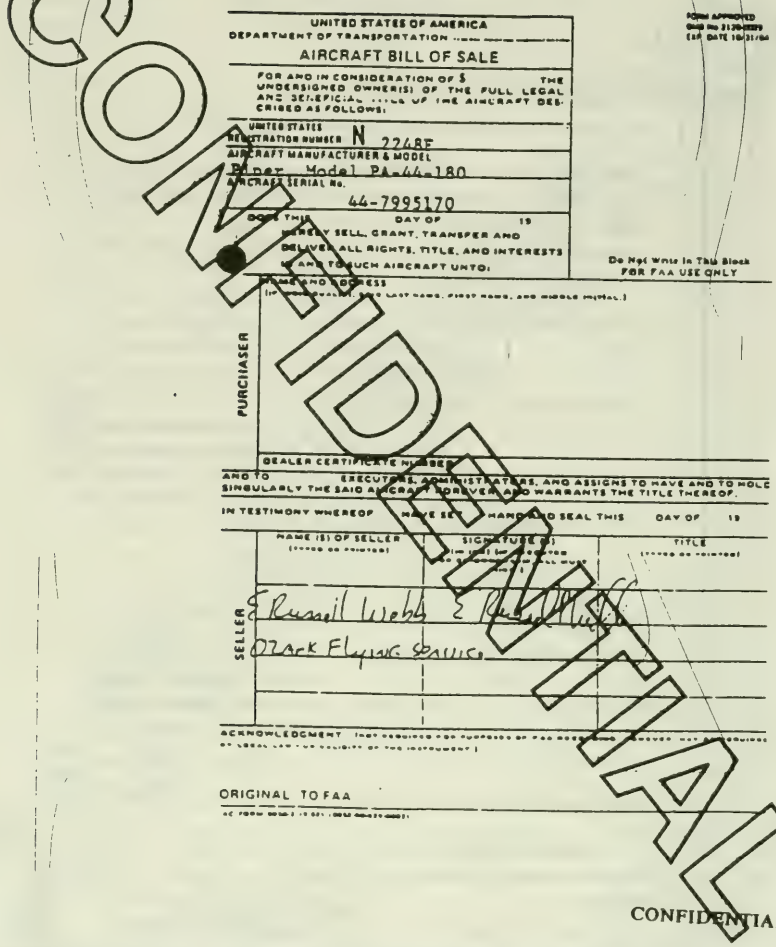
PREPARED BY:
Williams, Jr., Attorney at Law
MAIN STREET FLIPPIN, ARK.

Whitewater Development Company, Inc. (L. S.)
By: B. McDougal
Its: President
Attest: Sandy N. McDougal (L. S.)
Its: Secretary

CONFIDENTIAL

RKRT100652

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $ THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER N 2248F
AIRCRAFT MANUFACTURER & MODEL
Piper Model PA-44-180
AIRCRAFT SERIAL No. 44-7995170

DOES THIS DAY OF 19
HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block FOR FAA USE ONLY

PURCHASER
NAME AND ADDRESS
(IN INDIVIDUAL CASE GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER. AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS DAY OF 19

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (ALL OWNERS SHOULD SIGN)	TITLE (TYPED OR PRINTED)
SELLER	J Russell Webb	J Russell Webb
	Ozark Flying Service	

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDATION BUT MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THIS INSTRUMENT)

ORIGINAL TO FAA

AC FORM 8050-2 (10-65) (SUPERSEDES AC FORM 8050-2, WHICH MAY BE USED)

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Mr. James B. McDougal
4 Betswood
Little Rock, AR 72207

Mr. and Mrs. Bill Clinton
Governor's Mansion
Little Rock, AR 72202

November 14, 1986

Dear Bill and Hillary

This is a status report on Whitewater Development Corporation. The company to date has experienced losses totaling approximately $90,000.00. Charles James keeps the books for the corporation and will be happy to go over the books with you anytime you wish.

As of last summer we had succeeded in selling all of the property and had placed with the Bank purchase agreements and notes from these sales sufficient to amortize the debt of the corporation.

Our dealings with the Bank have been made most difficult with five changes in management during the life of this loan. The Bank has consistently failed to keep us informed as to the status of the escrows and the loan. Apparently three of the purchasers of the more expensive tracts have defaulted. Failure to receive these payments to apply on our loan has created a large deficiency in our note payment. As it is unlikely that these tracts in default can be resold during the winter months this deficiency will continue to mount at an unacceptable rate.

I was motivated to send you a stock transfer by two factors. Firstly, I wanted to get you out of the company because of the high potential of embarrassment to you. Secondly, I had hoped to be able to take advantage of the $90,000.00 loss for tax purposes since Susan and I have no large income contributed to the company the funds necessary to cover these losses. I can well understand your desire to have your name off the note and hope you are successful in accomplishing this.

The purpose of the Warranty deed with lien retained which requires Hillary's signature is to get the property recorded in the name of Hillman Logan thus avoiding the recurring problem of Hillary appearing delinquent in the payment of Real Property Taxes in Marion County.

Congratulations on your stunning victory and best wishes for an even more successful four year term.

Sincerely,

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL

1ST DOCUMENT of Level 1 printed in FULL format.

ARKANSAS CODE OF 1987 ANNOTATED
Copyright (c) 1987-1995 by The State of Arkansas
All rights reserved.

*** CURRENT THROUGH THE 1995 SUPPLEMENT ***
*** (1995 FIRST SPECIAL SESSION) ***

TITLE 23. PUBLIC UTILITIES AND REGULATED INDUSTRIES
SUBTITLE 2. FINANCIAL INSTITUTIONS AND SECURITIES
CHAPTER 32. FINANCIAL INSTITUTIONS GENERALLY -- ORGANIZATION AND OPERATION
SUBCHAPTER 12. BRANCH OFFICES

Ark. Stat. Ann. @ 23-32-1202 (1995)

@ 23-32-1202. Establishment of full service branch offices -- Locations

(a) No banking institution shall engage in the business of banking at any location other than at a principal banking office or branch bank in this state except as otherwise permitted by law.

(b) Any bank may establish a full service branch and may establish, maintain, and use a customer-bank communication terminal, as that term is defined in @ 23-32-1301, provided that its supervisory banking authority approves its application for the full service branch. Full service branches and customer-bank communication terminals may only be established as follows:

(1) A bank may establish full service branches and customer-bank communication terminals anywhere within the county in which the establishing bank's principal banking office is located;

(2) A bank which relocates its principal banking office may continue to use its former principal banking office location as a full service branch and customer-bank communication terminal so long as the use as a banking facility is uninterrupted;

(3) In addition to subdivisions (b)(1) and (b)(2) of this section, after December 31, 1993, a bank may locate one (1) or more full service branches and customer-bank communication terminals anywhere within any counties contiguous to the county in which its principal banking office is located;

(4) After December 31, 1998, a bank may locate one (1) or more full service branches and customer-bank communication terminals anywhere in this state.

(c) Without regard to the exceptions for location of a branch bank and customer-bank communication terminals as provided in this section, a bank may purchase the business and assets and assume the liabilities of, or merge or consolidate with, another bank located in any incorporated city or town within this state and operate the acquired bank as a full service branch and customer-bank communication terminals, provided that full service branches and customer-bank communication terminals shall not be established pursuant to purchase, merger, or consolidation with another bank should either bank have a de novo charter.

(d) None of the provisions of this section which restrict the locations in which branch banks shall be established will be effective in emergency instances in which the purchase and assumption of the assets and liabilities of a failed or failing (less than three percent (3%) capital-to-asset ratio) bank becomes necessary due to state or federal regulatory action.

(e) Any bank may file an application with the Bank Commissioner to relocate any existing branch to another location then authorized by law. A fee of not less than one thousand dollars ($1,000) nor more than two thousand five hundred dollars ($2,500) as set by regulation of the State Banking Board shall accompany the application. The application shall contain such information concerning the new location as the commissioner may require by regulation. The commissioner shall approve such relocation unless it is determined the relocation is not economically feasible or will not serve the public convenience and necessity.

HISTORY: Acts 1973, No. 228, @@ 2, 6; 1983, No. 256, @ 1; 1985, No. 103, @ 1; A.S.A. 1947, @@ 67-360, 67-364; Acts 1987, No. 539, @ 1; 1988 (4th Ex. Sess.), No. 2, @ 4; 1988 (4th Ex. Sess.), No. 12, @ 4; 1991, No. 892, @ 4.

NOTES:
AMENDMENTS. The 1988 amendment, by identical acts Nos. 2 and 12, rewrote this section.
The 1991 amendment rewrote (e).

RESEARCH REFERENCES

ARK. L. REV. Note, Arkansas State Bank Commissioner v. Resolution Trust Corp.: Does the RTC Have the Power to Override State Branch Banking Laws?, 44 Ark. L. Rev. 837.

UALR L.J. Note, Banking Law -- Branch Banks -- Arkansas Branch Banking Laws Are Preempted by the Emergency Acquisition Provision of FIRREA. Arkansas State Bank Commissioner v. Resolution Trust Corp., 911 F.2d 161 (8th Cir. 1990), 13 UALR L.J. 691.
Legislative Survey, Banking Law, 8 UALR L.J. 547.
Survey -- Banking, 10 UALR L.J. 543.
Survey, Banks and Banking, 14 UALR L.J. 277.

CASE NOTES

BRANCH OFFICES.
Bank cannot convert its current principal office located in White County into a branch office and establish a new principal office in Pulaski County, as a branch office cannot be established in a contiguous county until 1994. First State Bank v. Arkansas State Banking Bd., 305 Ark. 220, 806 S.W.2d 624 (1991).

CITED: Arkansas State Bank Comm'r v. Resolution Trust Corp., 911 F.2d 161 (8th Cir. 1990); Arkansas State Bank Comm'r v. Resolution Trust Corp., 745 F. Supp. 550 (E.D. Ark. 1990).

USER NOTE: For more generally applicable notes, see notes under the first section of this subchapter, chapter, subtitle, or title.

6TH DOCUMENT of Level 2 printed in FULL format.

ARKANSAS CODE OF 1987 ANNOTATED
Copyright (c) 1987-1995 by The State of Arkansas
All rights reserved.

*** CURRENT THROUGH THE 1995 SUPPLEMENT ***
*** (1995 FIRST SPECIAL SESSION) ***

CONSTITUTION OF THE STATE OF ARKANSAS OF 1874
AMEND. 14. LOCAL ACTS

Ark. Const. Amendment 14 (1995)

Local Acts

Local or special acts prohibited -- Rights to repeal acts by legislature.
The General Assembly shall not pass any local or special act. This amendment shall not prohibit the repeal of local or special acts.

NOTES:
PUBLISHER'S NOTES. This amendment was proposed by initiative petition filed in the office of the Secretary of State on May 28, 1926 (see Acts 1927, p. 1215). It was approved at the general election on Oct. 5, 1926 by a vote of 80,500 for and 44,150 against.
This amendment may supersede Const., Art. 5, @@ 24-26.

RESEARCH REFERENCES

AM. JUR. 16A Am. Jur. 2d, Constitutional Law, @ 789.

ARK. L. REV. Special and Local Acts in Arkansas, 3 Ark. L. Rev. 113.
Changing Boundaries of Municipal Corporations in Arkansas, 20 Ark. L. Rev. 135.

UALR L.J. Kennedy, Initiated Constitutional Amendments in Arkansas: Strolling Through the Mine Field, 9 UALR L.J. 1.
Survey -- Banking, 10 UALR L.J. 543.
Goldner, A Call for Reform of Arkansas Municipal Law, 15 UALR L.J. 175.

CASE NOTES

ANALYSIS
In General.
Administration of Justice.
Administrative Rules and Regulations.
Amendment.
Classification.
--Defined.
--Invalid.
--Population.
--Salaries and Fees.
--School Districts.
--Taxation.
--Rational Basis Test.
--Valid.

Population.
Salaries and Fees.
School Districts.
Taxation.
nitiative and Referendum.
epeal.
chool Finance Act.

N GENERAL.

In determining whether a law is public, general, special or local, the courts ill look to its substance and practical operation rather than to its title, orm and phraseology. State ex rel. Burrow v. Jolly, 207 Ark. 515, 181 S.W.2d 79 (1944); Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958); Laman v. arrill, 233 Ark. 967, 349 S.W.2d 814 (1961); Littleton v. Blanton, 281 Ark. 95, 665 S.W.2d 239 (1984).

Legislation may be classified as general, special or local, with a law being eneral when it operates on all counties, cities and towns alike, while a law is pecial in a constitutional sense when by force of an inherent limitation it rbitrarily separates some person, place or thing from those upon which it would perate except for the separation, and a local law is one that applies to any ubdivision or division of the state less than the whole. Laman v. Harrill, 233 rk. 967, 349 S.W.2d 814 (1961); City of Little Rock v. Waters, 303 Ark. 363, 97 S.W.2d 426 (1990).

The constitutional prohibition of local legislation is a restriction on the eneral Assembly and not on municipal corporations of the state. Rooker v. City of Little Rock, 234 Ark. 372, 352 S.W.2d 172 (1961).

The court may look outside of the act and consider any fact of which judicial notice may be taken to determine if its operation and effect is special, regardless of its form. Littleton v. Blanton, 281 Ark. 395, 665 S.W.2d 239 (1984).

This amendment prohibits the general assembly from passing local or special acts. An act is special if by some inherent limitation it arbitrarily separates some person, place, or thing from those upon which, but for such separation, it would operate; a local act is one that applies to any division or subdivision of the state less than the whole. Board of Trustees v. City of Little Rock, 295 Ark. 585, 750 S.W.2d 950 (1988).

An act is "special" if by some inherent limitation or classification it arbitrarily separates some person, place, or thing from those upon which, but for such separation, it would operate, and the legislation is "local" if it applies to any division or subdivision of the state less than the whole. Owen v. Dalton, 296 Ark. 351, 757 S.W.2d 921 (1988).

Simply because the legislature states that an act is general in application, a court is not bound by that statement; rather, the court will look to the operation and effect of the legislation, and if that operation and effect is necessarily local, then the act is local regardless of its form. If the legislature is to decide whether an act is local or special legislation, then this amendment serves no purpose, and it might just as well not have been adopted. Owen v. Dalton, 296 Ark. 351, 757 S.W.2d 921 (1988).

That a statute may ultimately affect less than all of the state's territory does not necessarily render it local or special. City of Little Rock v. Waters, 303 Ark. 363, 797 S.W.2d 426 (1990).

ADMINISTRATION OF JUSTICE.

Statutes establishing or abolishing separate courts are not violative of this amendment since they relate to the administration of justice and are neither

local nor special. Sebastian Bridge Dist. v. Lynch, 200 Ark. 134, 138 S.W.2d 81 (1940); Stuttgart v. Elms, 220 Ark. 722, 249 S.W.2d 829 (1952); Smalley v. Fort Smith, 239 Ark. 39, 386 S.W.2d 944 (1965); Littleton v. Blanton, 281 Ark. 395, 665 S.W.2d 239 (1984).

Act setting fees of clerk of court and the official reporter of the Tenth Chancery District did not violate this amendment, as the clerk is a vital part of the court organization and the court stenographer is an essential officer. Sebastian Bridge Dist. v. Lynch, 200 Ark. 134, 138 S.W.2d 81 (1940).

Act authorizing schedules of fees for justices of the peace in counties having population between 10,275 and 10,290 violates this amendment and cannot be valid as an act indispensable to the administration of justice. Wilson v. State, 222 Ark. 452, 261 S.W.2d 257 (1953).

Act which applied to only one of the five circuit judges in the Sixth Judicial Circuit and which was not determined to be essential to the administration of justice clearly violated the intent of this section and was an example of the very sort of legislation that this amendment was designed to prevent. Beaumont v. Adkisson, 267 Ark. 511, 593 S.W.2d 11 (1980).

Statutes designed to meet the judicial needs of an area on a nondiscriminatory basis are a part of a judicial system for the entire state and are not local or special within the meaning of this amendment, even though such statutes may apply only to individual counties, judicial districts or divisions within districts. Littleton v. Blanton, 281 Ark. 395, 665 S.W.2d 239 (1984).

ADMINISTRATIVE RULES AND REGULATIONS.

Rules promulgated by Game and Fish Commission applying to portions of the state less than the whole were void as violative of constitutional provision prohibiting the passage of local laws, and statute authorizing such regulations was also void. Arkansas Game & Fish Comm'n v. Clark, 192 Ark. 840, 96 S.W.2d 699 (1936).

AMENDMENT.

Legislature cannot amend a local act. Benton v. Thompson, 187 Ark. 208, 58 S.W.2d 924 (1933).

An act which amends a local law converting it into a general law is not a violation of this amendment. Hall v. Ragland, 276 Ark. 350, 635 S.W.2d 228 (1982).

CLASSIFICATION.

Where the legislature is dealing with the salaries of county officers under the constitutional directive it is not necessary to classify the counties as to population or in any other manner but it is necessary that no county be excluded, but this is not to say that some of the counties may not be excluded if exclusion is based on a proper classification. Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958).

Classification among geographical or political subdivisions is permitted if the general assembly could have had a rational basis for it, and the fact that the classification includes only one city does not necessarily mean that it is "local" in the constitutional sense. Board of Trustees v. City of Little Rock, 295 Ark. 585, 750 S.W.2d 950 (1988).

If the classifications are such that the legislation applies only to political subdivisions of a certain population, the legislation is local if relative population has nothing to do with the subject-matter of the law. Owen v. Dalton, 296 Ark. 351, 757 S.W.2d 921 (1988).

--DEFINED.

An act is special if by some inherent limitation or classification it arbitrarily separates some person, place, or thing from those upon which, but for such separation, it should operate, and the legislation is local if it applies to any division or subdivision of the state less than the whole; just because a statute may ultimately affect less than all the state's territory it does not necessarily render it local or special. Fayetteville Sch. Dist. No. 1 v. State Bd. of Educ., 313 Ark. 1, 852 S.W.2d 122 (1993).

--INVALID.

Exemption of counties or districts having stock laws from the provisions of an act violated this amendment. Jacks v. State, 219 Ark. 392, 242 S.W.2d 704 (1951).

Act creating office of county clerk for Franklin County under the authority of Const. Amend. 41 abolishing population requirement violated this amendment. Huggins v. Wacaster, 223 Ark. 390, 266 S.W.2d 58 (1954).

Act providing for minimum wages to be paid on public construction projects according to standards set by the United States Secretary of Labor for corresponding classes of workers on projects of similar character in the area where the work is to be performed is unconstitutional inasmuch as it contains no provisions for establishment of minimum wage rates for those areas in which the Secretary of Labor has made no determination or those areas in which the previous determinations have become obsolete and out-of-date so that it discriminates as to those areas and there is no formula by which such wage rates may be determined, making the act local or special in its effect. Crowley v. Thornbrough, 226 Ark. 768, 294 S.W.2d 62 (1956).

Act violates the constitutional mandate against local legislation by attempting to set up a work week for firemen in certain city of state based on form of government in city when there was no reasonable relation between the classification and the purpose of the law. Mankin v. Dean, 228 Ark. 752, 310 S.W.2d 477 (1958).

The Medical Quota Act which allocated patient-day quotas to a city based on population and also to the county based on population which included the population of the city was in violation of this amendment. Board of Trustees v. Pulaski County, 229 Ark. 370, 315 S.W.2d 879 (1958).

Act which will affect only one railroad and which was obviously intended to affect only one railroad which was seeking to and had abandoned its operation, was unconstitutional. Arkansas Commerce Comm'n v. Arkansas & Ozarks Ry., 235 Ark. 89, 357 S.W.2d 295 (1962).

Act creating the Mammoth Spring Municipal Court violated this amendment where the differences between the act and the general legislation which regulates the creation of municipal courts in Arkansas bore no reasonable relation to the need of Mammoth Spring for a municipal court. Lawson v. City of Mammoth Spring ex rel. Smith, 287 Ark. 12, 696 S.W.2d 712 (1985).

Section 14-42-202, as amended, concerning the election of governing boards of certain cities, violates this amendment and is therefore unconstitutional. Owen v. Dalton, 296 Ark. 351, 757 S.W.2d 921 (1988).

--POPULATION.

Statute providing for road overseers in counties which have or may hereafter have a population of not less than 18,300 nor more than 18,350 was violative of this amendment. State ex rel. Burrow v. Jolly, 207 Ark. 515, 181 S.W.2d 479 (1944).

Act providing for application to counties of less than 6,000 population by the 1950 census is unconstitutional and void in that it violates this amendment. Humphrey v. Thompson, 222 Ark. 884, 263 S.W.2d 716 (1954).

Act providing salary for deputy sheriff in counties having a population of not more than 11,000 and not less than 10,200 according to the 1950 census (Searcy County) was a special act in violation of the amendment. Hensley v. Holder, 228 Ark. 401, 307 S.W.2d 794 (1957).

Act purporting to fix the salary of the assessor in Independence County is special and invalid in that it purports to create a classification of counties with a population between 23,400 and 23,600. Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958).

Statute providing for a civil service commission in cities having a population of 20,000 or more located in counties with a population of 100,000 or more was void as constituting local legislation. Laman v. Harrill, 233 Ark. 967, 349 S.W.2d 814 (1961).

Amendment which provides a classification for municipal court clerks pertaining to eligibility for retirement is special legislation which is prohibited since the act amended applies only to counties with populations exceeding 150,000, and thus only applies to Pulaski County where the defendant was a municipal court clerk, and since the classification would apply only to the defendant and qualify her for immediate retirement. Board of Trustees v. Beard, 273 Ark. 423, 620 S.W.2d 295 (1981).

Where an act purported to grant all cities with a city manager form of government and population of over 100,000 the power to directly elect their mayor, but only one city actually met those qualifications, the act was special legislation which was unconstitutional under this amendment. Knoop v. City of Little Rock, 277 Ark. 13, 638 S.W.2d 670 (1982).

An act declaring that run-offs in elections for mayors of cities of the first class having mayor/council form of government would only apply to cities having a population between 57,000 and 61,000 was unconstitutional. Ferguson v. Brick, 279 Ark. 288, 652 S.W.2d 1 (1983).

Act to allow a city of the first class but of limited financial means and lacking a local attorney an alternative means of creating a municipal court, its population classification applying only to a county of not less than 26,500 nor more than 28,000, could apply to only one county and violated the prohibition of this amendment. Littleton v. Blanton, 281 Ark. 395, 665 S.W.2d 239 (1984).

--SALARIES AND FEES.

Act purporting to relieve county collectors short in their settlement for collection in 1931 for taxes assessed in 1930 where action was already pending in the circuit court and the collector was insolvent, being intended to apply to a single county where such an action was pending, was unconstitutional as violative of this amendment. State ex rel. Attorney Gen. v. Lee, 193 Ark. 270, 99 S.W.2d 835 (1936).

Local act with reference to the fees of officers of a particular county was void. State to use and benefit of Garland County v. Jones, 193 Ark. 391, 100 S.W.2d 249 (1937).

Statute providing commission for collection of special improvement district taxes at the same rate as allowed for collection of general taxes and fee for certifying tracts of delinquent property in said district same as fee for certifying tracts delinquent for general taxes, but excluding from its application collectors receiving a salary, was violative of this amendment. Conway County Bridge Dist. v. Fullerton, 196 Ark. 413, 117 S.W.2d 1065 (1938).

--SCHOOL DISTRICTS.

An act which applied only to any portion of a school district completely separated from the rest of the district by a reservoir, whose pupils have to travel more than twenty miles through another district to reach the school in

their own district, and whose pupils were not on January 1, 1964, attending school in the district where they belong, is an unconstitutional violation of this amendment. Thomas v. Foust, 245 Ark. 948, 435 S.W.2d 793 (1969).

Act which provided for the annual remission of a portion of the excess collector fees to school districts in counties having a population of not less than 78,000 and not more than 84,000 effectively applied to only one county which fell within that population range, and therefore was unconstitutional. Special School Dist. v. Sebastian County, 277 Ark. 326, 641 S.W.2d 702 (1982).

--TAXATION.

Act authorizing county court of Pulaski County to apportion annual three mill road tax to cities and towns within the county was unconstitutional as special legislation. City of Little Rock v. Campbell, 223 Ark. 746, 268 S.W.2d 386 (1954).

Act which relieves domestic corporations doing business entirely without the State of Arkansas from the payment of any income tax to the state, when read in connection with the General Income Tax Act of 1929, which imposes an income tax upon a domestic corporation doing business both within and without the state on income derived from sources outside Arkansas, is unconstitutional. Cheney v. Stephens, Inc., 231 Ark. 541, 330 S.W.2d 949 (1960).

--RATIONAL BASIS TEST.

Since, whether an act is special depends upon whether, by force of an inherent limitation, it arbitrarily separates some person, place or thing from those upon which but for such separation it would operate, and since a determination of the arbitrary nature of an act is precisely the goal of the rational basis test, such test is applicable to any analysis under this amendment. Streight v. Ragland, 280 Ark. 206, 655 S.W.2d 459 (1983); Littleton v. Blanton, 281 Ark. 395, 665 S.W.2d 239 (1984).

Section 23-110-406, governing redemption of horse racing tickets, does not violate this amendment because there is a rational basis for the distinction between the shorter 180 day limitation period established under section 23-110-406 and the longer limitation periods established under other Arkansas statutes. Mahurin v. Oaklawn Jockey Club, 299 Ark. 13, 771 S.W.2d 19 (1989).

--VALID.

Statute allowing incorporated towns, irrespective of size and population, to become cities of the second class by passing an ordinance to submit such question to the citizens was not contrary to this amendment. Gross v. Homard, 201 Ark. 391, 144 S.W.2d 705 (1940).

Act appropriating expense money for certain officials for use in public relations work was not invalid as special legislation because it omitted the Governor from the executive department officials covered. Berry v. Gordon, 237 Ark. 547, 376 S.W.2d 279 (1964).

Act which applies to all cities of a certain classification is not invalid as local or special legislation as it is prospective in nature, since it includes any other city in the future that comes within the classification. Whittaker v. Carter, 238 Ark. 1074, 386 S.W.2d 498 (1965).

Statute which is a reasonable classification and relates to administration of justice does not violate this amendment. Smalley v. City of Fort Smith, 239 Ark. 39, 386 S.W.2d 944 (1965).

The emergency clause to an act did not violate this prohibition against special and local acts despite its specific reference to Garland County. Spa Kennel Club, Inc. v. Dunaway, 241 Ark. 51, 406 S.W.2d 128 (1966).

Act barring actions against those furnishing design or construction for

improvements to real property for injury or death from faulty design or construction of such improvements after four years is not a special law in violation of this amendment because limited to those furnishing design or construction for such improvements. Carter v. Hartenstein, 248 Ark. 1172, 455 S.W.2d 918 (1970), appeal dismissed, 401 U.S. 901, 91 S. Ct. 868, 27 L. Ed. 2d 800 (1971).

A Sunday closing law which exempts cities or towns adjacent to towns or cities in adjoining states which permit Sunday sales of items whose Sunday sale is prohibited under such act is not local legislation in violation of this amendment, as such classification bears a reasonable relationship to the purpose of the act. Lockwood v. State, 249 Ark. 941, 462 S.W.2d 465 (1971).

--POPULATION.

Act providing for formation of suburban improvement districts in counties which have or may thereafter have cities of 5,000 population was a general and not a special act. Murphy v. Cook, 202 Ark. 1069, 155 S.W.2d 330 (1941).

Act providing that in cities of the first class which have the mayor-council form of government, and which now or hereafter have a population of more than 50,000, the city officials shall be elected for four-year terms, with elections to be held in the even-numbered years, does not violate this amendment. Lovell v. Democratic Central Comm., 230 Ark. 811, 327 S.W.2d 387 (1959).

--SALARIES AND FEES.

Statute fixing compensation of county judges who were ex officio road commissioners providing that in three counties the compensation fixed as salary shall also cover the expenses of the office whereas in the other counties the several quorum courts may make appropriation for such expenses was not a local or special act in violation of this amendment. Lawhorn v. Johnson, 196 Ark. 991, 120 S.W.2d 720 (1938).

Acts fixing the salary of the treasurer, sheriff, county clerk, and county judge were held to be general and not to offend against this amendment. Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958).

Act fixing the salaries of the tax collectors in each of 16 counties in the state where that office is separated from the sheriff's office is not a special or local law violating the constitution because it does not apply to all counties in the state but is general, as a classification contained therein is not an arbitrary but a reasonable one. Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958).

Act fixing the assessor's salary was valid in that it not only included all the counties in the state but it also set forth classifications based on population which appeared to be reasonable and certainly not arbitrary in fixing the salaries. Inman v. Kelley, 229 Ark. 149, 313 S.W.2d 796 (1958).

--SCHOOL DISTRICTS.

Act which was prospective in nature, where eight or nine school districts in the state fell within its ambit and where the classifications of the act bore a reasonable relationship to the purposes of the act to reduce the transportation costs and the extensive and dangerous travel by school children, was not local in application and did not violate this amendment. Heber Springs School Dist. v. West Side School Dist., 269 Ark. 148, 599 S.W.2d 371 (1980).

Act is not unconstitutional as local or special legislation since the classification bears a reasonable relationship to the purpose of the act to insure a broad-based representation on school boards in school districts with a large daily attendance. Phillips v. Giddings, 278 Ark. 368, 646 S.W.2d 1 (1983).

--TAXATION.

An ad valorem tax is on property that may be found in the state. It is immaterial that the property may not be moved on any regular route or schedule. There is nothing in the Constitution of the United States or its laws which prevents a state from taxing personal property employed in interstate or foreign commerce like other personal property within its jurisdiction. Arco Auto Carriers, Inc. v. State, 232 Ark. 779, 341 S.W.2d 15 (1960), appeal dismissed, cert. denied, 365 U.S. 770, 81 S. Ct. 912, 6 L. Ed. 2d 189 (1961).

Tax legislation exempting retirement income of government employees is not special legislation for it is not arbitrary; the tax exemption acts are not special acts as that term has been defined since it is not enough that the state has separated some class from the operation of a law, but the separation must be arbitrary. Streight v. Ragland, 280 Ark. 206, 655 S.W.2d 459 (1983).

The exclusions outlined in § 26-74-319 prevent duplicate taxation in those counties that have imposed both the sales and use tax envisioned by prior legislation, and such an exclusion is neither arbitrary nor unreasonable. City of Little Rock v. Waters, 303 Ark. 363, 797 S.W.2d 426 (1990).

INITIATIVE AND REFERENDUM.

Act fixing salaries of county officers can be initiated and adopted by county electors under Initiative and Referendum Amendment and it would not be in conflict with the general law. Tindall v. Searan, 192 Ark. 173, 90 S.W.2d 476 (1936).

REPEAL.

Act which repealed special acts requiring railroad company to erect and maintain a viaduct over certain tracks in City of Texarkana was not unconstitutional as violative of this amendment. Greer v. City of Texarkana, 201 Ark. 1041, 147 S.W.2d 1004 (1941).

Act amending statute fixing salaries of county judges was held not to repeal initiated act of a certain county by which judge's salary was fixed at a lower figure. Warfield v. Chotard, 202 Ark. 837, 153 S.W.2d 168 (1941).

The repeal of only part of a local or special act is permissible. Groggin v. Ratchford, 217 Ark. 180, 229 S.W.2d 130 (1950).

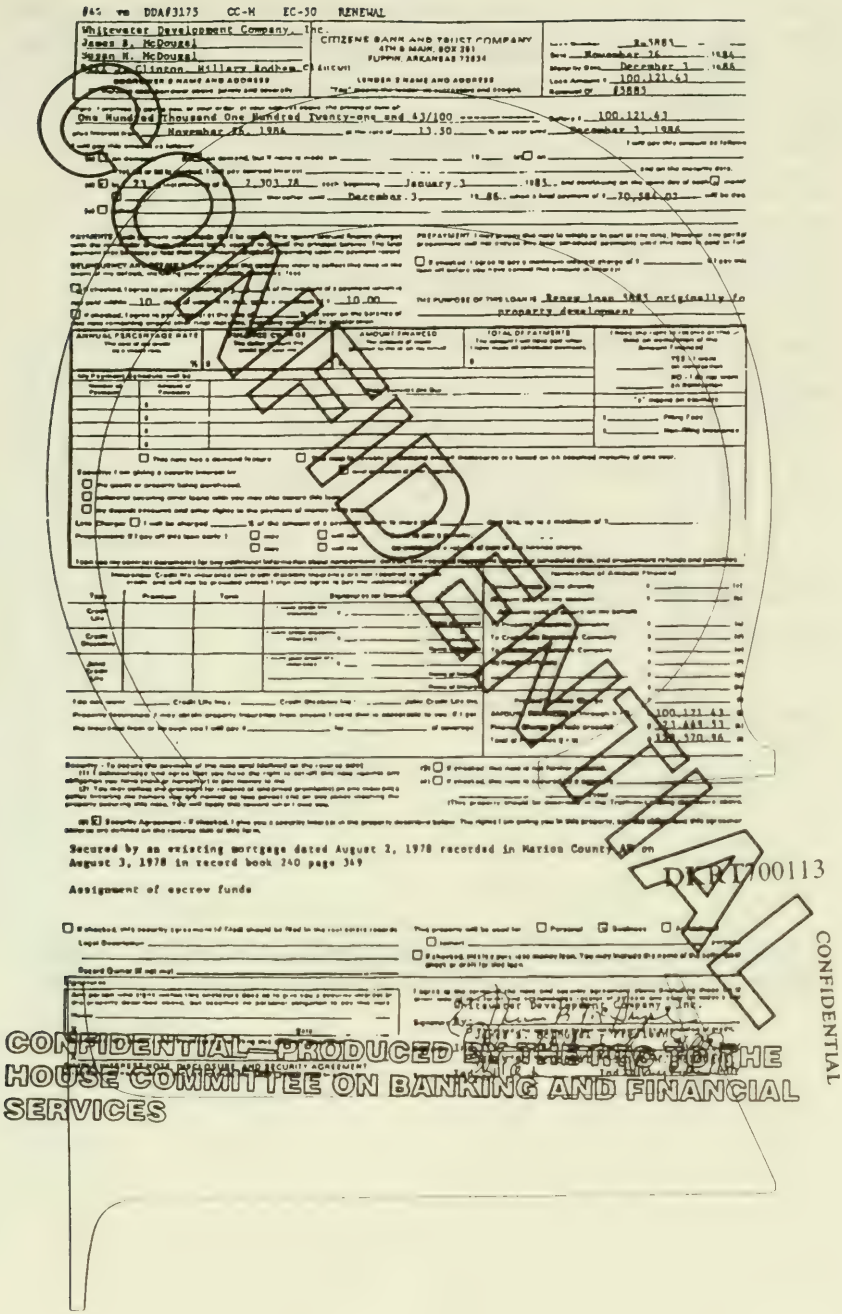
SCHOOL FINANCE ACT.

The School Finance Act of 1984, as amended, is general legislation and not special or local legislation because it bears a reasonable relationship to the purpose of the law. Fayetteville Sch. Dist. No. 1 v. State Bd. of Educ., 313 Ark. 1, 852 S.W.2d 122 (1993).

CITED: Terry v. Thornton, 207 Ark. 1019, 183 S.W.2d 787 (1944); Meador v. Warrington, 228 Ark. 297, 307 S.W.2d 75 (1957); Henry v. Tarpley, 230 Ark. 722, 324 S.W.2d 503 (1959); Hackler v. Baker, 233 Ark. 690, 346 S.W.2d 677 (1961); Vance v. Johnson, 236 Ark. 1009, 386 S.W.2d 240 (1965); Federal Express Corp. v. Skelton, 265 Ark. 187, 578 S.W.2d 1 (1979); Gay v. Rabon, 280 Ark. 5, 652 S.W.2d 836 (1983); Taylor v. Patterson, 283 Ark. 11, 670 S.W.2d 444 (1984); Pope County v. Streett, 284 Ark. 416, 682 S.W.2d 749 (1985); Magruder v. Arkansas Game & Fish Comm'n, 293 Ark. 39, 732 S.W.2d 849 (1987); UHS of Ark., Inc. v. City of Sherwood, 296 Ark. 97, 752 S.W.2d 36 (1988); State ex rel. Robinson v. Craighead County Bd. of Election Comm'rs, 300 Ark. 405, 779 S.W.2d 169 (1989); Paragould Cablevision, Inc. v. City of Paragould, 305 Ark. 476, 809 S.W.2d 688 (1991).

NOTES APPLICABLE TO ENTIRE TITLE

PUBLISHER'S NOTES. Amendments to the Constitution have been inconsistently numbered both as proposed and as compiled in previous digests and compilations. This volume uses the numbers assigned by the Secretary of State in 1932 and used in Pope's Digest of 1937, which omitted certain prior amendments which were deemed superseded by later amendments.


Whitewater Development Company, Inc.
James B. McDougal
Susan H. McDougal
Clinton, Hillary Rodham
CITIZENS BANK AND TRUST COMPANY
4TH & MAIN, BOX 391
PUMPIN ARKANSAS 72834
One Hundred Thousand One Hundred Twenty-one and 43/100
November 26, 1986
13.50
December 1, 1986
7,303.78
January 1, 1987
December 1, 1986
10.00
Renew loan 5881 originally for property development
100,121.43
Secured by an existing mortgage dated August 2, 1978 recorded in Marion County AR on August 3, 1978 in record book 240 page 349
Assignment of escrow funds
Whitewater Development Company, Inc.
CONFIDENTIAL
DKRT00113
CONFIDENTIAL—PRODUCED BY DAVIS POLK TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

D212

EASED	ACRES OR FEET	VALUE	ANCE OF ACRES MAINING	NEW APPRAISED VALUE	OLLARS CREDIT TOWARD UTURE RELEASE
+7	27.71	$30,451	19229	211517.00	
+13	2.66	$2,926	18963	208,593	
+42	4.63	$5,093	18500	203,500	
+34	1.19	$1,309	18381	202191	
ot 40	4.87	$5,357	17894	196834	
ot 36	5.81	6,391	17313	190443	
4	6.36	7000.00	166.77	183443	
ot 19					
ot 21	9.11	10,021	157.66	173,426	
ot 1	4.43	4873.00			

Originally 230.24 Acres

Released as of 11-1-84 59.22

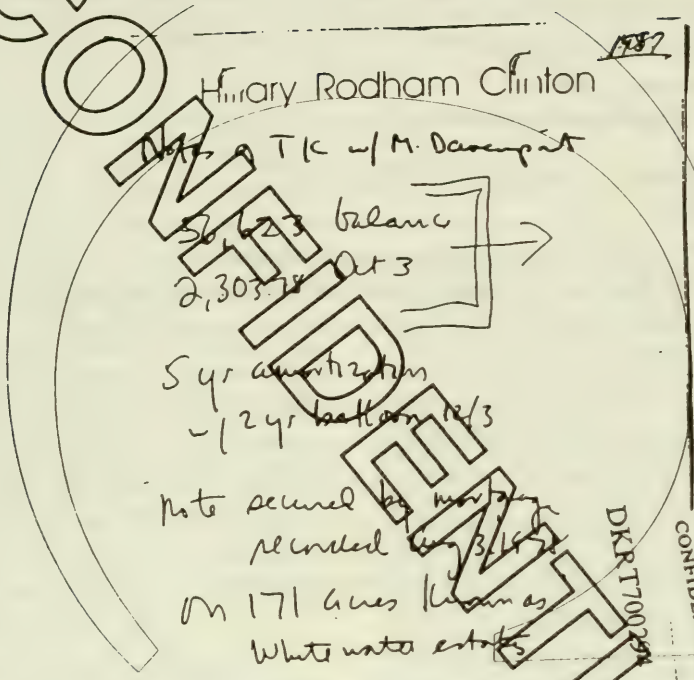
Remaining as of 11-1-84 171.02 Acres

@ 1100 Acre $188,122

Lot 41 Released 2-20-85

Lot 16, 35 & 39 Released 7-9-85 BC

Lts. 9, 14, 43 & 44 Release 4-16-86 BC



CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

REQUEST FOR LOAN
DOCUMENTATION WAIVER

TO: CREDIT DEPARTMENT

FROM: Directors' Loan Committee

DATE: December 7, 1987

RE: DOCUMENTATION REQUIREMENT

BORROWER NAME: Whitewater Development

NOTE NUMBER: _____

DOCUMENT: Personal Financial Statements of the McDougals

REASON FOR REQUEST: 1) Payments on loan are derived from escrow contracts controlled by FONB. 2) Collateral is sufficient to cover the loan. 3) Guaranteed by Bill Clinton.

THIS REQUEST IS EFFECTIVE FOR THE TIME STATED BELOW:

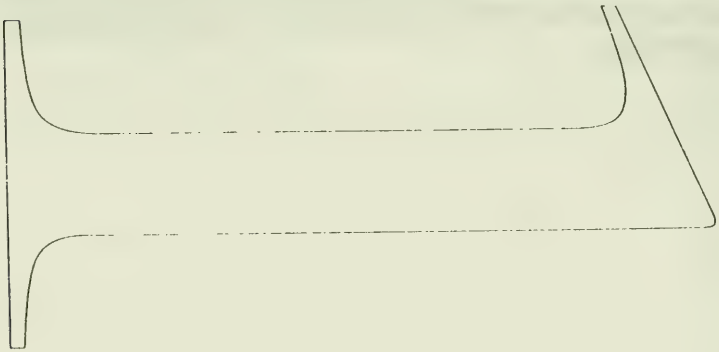
_____ Permanently.

X Term of this note only.

_____ Extention until _____ only.

REQUESTING LOAN OFFICER

DIRECTORS' LOAN COMMITTEE 12/7/87
APPROVED BY



809 F.2d 266 printed in FULL format

The DEPARTMENT OF BANKING AND CONSUMER FINANCE OF the STATE OF MISSISSIPPI, et al., Plaintiffs-Appellees, v. Robert L. CLARKE, Comptroller of the Currency of the United States and Deposit Guaranty National Bank, Defendants-Appellants

No. 85-4722

UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

809 F.2d 266; 1987 U.S. App. LEXIS 1939

February 9, 1987

PRIOR HISTORY:
[1]** Appeal from the United States District Court for the Southern District of Mississippi.

COUNSEL: (For Controller Of The Currency), Dan M. McDaniel, Jr., AUSA, Anthony J. Steinmeyer, Appellate Staff, John F. Daly, (For Deposit Guaranty Bank), Lawrence J. Franck, Luther T. Munford, for Appellants.

(For Dept. Of Banking et al), Stephen J. Kirchmayr, Jr., Robert M. Arentson, Jr., Hubbard T. Saunders, Champ Terney, (For Merchants Bank), G.E. Estes, Jr., (For Hancock Bank, Et Al.), John M. Harral, Knox White, (For Gulf Natl. Bk.), W. Joel Blass, for Appellees.

JUDGES: Politz, Randall, and Jolly, Circuit Judges.

OPINIONBY: POLITZ

OPINION: **[*267]** POLITZ, Circuit Judge

This appeal by the Comptroller of the Currency of the United States and Deposit Guaranty National Bank of Jackson, Mississippi, from a judgment enjoining the Comptroller and Deposit Guaranty from establishing a branch office in Gulfport, Mississippi, poses a sole question: did the Comptroller err in his interpretation of the term "State bank" as found in *12 U.S.C. § 36*(h), when he granted approval of Deposit Guaranty's application to establish the branch? The district court concluded that the *Comptroller had erred. 617 F. Supp. 566.* We disagree and reverse.

. Background

In September **[**2]** 1984 Deposit Guaranty, a national banking corporation chartered under the laws of the United States with its principal office in Jackson, Mississippi, applied to the Comptroller for permission to open a branch bank in Gulfport, Mississippi. Gulfport is more than 100 miles distant from Jackson. During the public comment period following the publication of notice of Deposit Guaranty's application, the Department **[*268]** of Banking and Consumer Finance of the State of Mississippi and several state-chartered commercial banks with offices in or near Gulfport protested. On July 9, 1985, the Comptroller rejected the protests and granted the requested approval. The Department of Banking promptly filed the instant action, seeking to enjoin the opening of the Gulfport branch. Several state commercial banks were allowed to intervene. After reviewing the record developed before the Comptroller, the district court granted the injunctive relief. Both the Comptroller and Deposit Guaranty timely appealed.

Like most states, the State of Mississippi has historically recognized and chartered two kinds of financial institutions, commercial banks and savings associations. The commercial banks are chartered **[**3]** under Miss.Code Ann. § 81-3-3 and are regulated by the Department of Banking. The savings associations are chartered under Miss. Code Ann. §§ 81-12-25 to 81-12-43 and are under the authority of the Mississippi Department of Savings Associations, Miss. Code Ann. § 81-12-11. Originally the financial activities of the two institutions differed. In recent years, however, because of changes in state and federal law, the savings associations have become highly competitive with the state banks and other financial institutions, including national banks.

The traditional powers and functions of a bank, constituting the business of banking, are enumerated in the National Bank Act, *12 U.S.C. § 24* (seventh):

(1) the discounting and negotiating of promissory notes, drafts, bills of exchange, and other evidence of debt;
(2) the receiving of deposits;
(3) the buying and selling of exchange, coin and bullion;
(4) the loaning of money on personal security; and

(5) the issuing and circulating of notes under the National Bank Act.

As is noted by the Comptroller and generally acknowledged, items (3) and (5) are of little relevance. Hence, the banking business, reduced to essentials, involves **[**4]** receiving deposits, making commercial loans, and negotiating checks and drafts.

Starting in 1980, Mississippi's statutes and regulations dramatically changed, conferring traditional banking powers upon Mississippi savings associations which are now authorized to: offer negotiable order of withdrawal (NOW) accounts and interest-bearing checking accounts, Miss.Code Ann. §§ 81-12-149, 81-12-151; receive and pay interest on savings deposits and other accounts, Miss.Code Ann. § 81-12-49(d); lend and invest funds, Miss.Code Ann. § 81-12-49(p), 81-12-155, 81-12-159; service loans and investments, Miss.Code Ann. § 81-12-49(n); and sell money orders and travelers' checks, Miss.Code Ann. § 81-12-49 (l). Under what is sometimes referred to as the "wild card" statute, Miss.Code Ann. § 81-12-49(r), Mississippi savings associations may engage in any activity permitted a federally chartered savings and loan association in that state. And, of some significance, savings associations may now use the appellation "savings bank," contrary to the former law reserving the title "bank" for commercial banking institutions. Miss.Code Ann. § 81-3-3; Miss. Savings Rule 16.[1]

Consistent with the previous sharp **[**5]** separation of functions, banks and savings associations were accorded different treatment. One difference central to the case at bar involves branch units. A savings association may open branches throughout the state, Miss.Code Ann. § 81-12-175, whereas the state commercial banks, since the 1986 amendments, are allowed to open branches only in the county in which the bank's principal office is located, or within a 100-mile radius, Miss.Code Ann. § 81-7-7.

The Comptroller is responsible for the supervision of 5,000 national banks chartered under federal law. Congress has empowered the Comptroller to make definitive judgments on the application of national banks for permission to relocate or to open branches, *12 U.S.C.* §§ *30*, 36. The federal branching provision, commonly referred to **[*269]** as the McFadden Act, permits a national bank to open branches anywhere that a state bank may. The National Bank Act, *12 U.S.C.* § *36*, provides in pertinent part:

(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches . . . at any point within the State in which said association is situated, if such establishment and operation are at the **[**6]** time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and not merely by implication or recognition, and subject to the restrictions as to location imposed by the law of the State on State banks.
(h) The words "State bank," "State banks," "bank," or "banks," as used in this section, shall be held to include trust companies, savings banks, or other such corporations or institutions carrying on the banking business under the authority of State laws.

In his consideration of the application of Deposit Guaranty for permission to open a Gulfport branch, the Comptroller received in evidence a study of the banking industry in Mississippi reflecting that savings associations offered traditional banking services such as, inter alia, interest-bearing checking accounts, commercial checking accounts, consumer loans, business and construction loans, savings deposits, and related incidental services. After considering the evidence presented, applicable federal and state statutes and regulations, and the relevant jurisprudence, the Comptroller determined that savings associations in Mississippi were engaged in **[**7]** the business of banking and were "State banks" within the meaning of *12 U.S.C.* § *36*(h). The Comptroller accordingly concluded that "national banks in Mississippi may, thus, branch to the same extent as Mississippi savings associations, i.e., statewide." We are charged to uphold the Comptroller's determination if we find it to be a "permissible construction" of the National Bank Act. See *Chevron v. Natural Resources Defense Council, 467 U.S. 837, 843, 104 S. Ct. 2778, 2781, 81 L. Ed. 2d 694 (1984); Texas v. United States, 756 F.2d 419* (5th Cir.), cert. denied, *474 U.S. 843, 106 S. Ct. 129, 88 L. Ed. 2d 106 (1985)*. In reaching his conclusion the Comptroller applied a federal definition of banking, eschewed state-applied labels, and looked primarily to the function of the institutions.

Analysis

The threshold issue we confront is whether the Comptroller, in his interpretation and application of a federal statute, in this case *12 U.S.C.* § *36*(h), should look to state or federal law to define the statute's terms. We conclude and hold that in his interpretation of *12 U.S.C.* § *36*(c) and (h) the Comptroller may seek the guidance of helpful state law, but is bound **[**8]** to follow federal law in defining terms contained in the federal statute. This includes, of course, the terms "State bank"

and "banking business."

The Supreme Court's reasoning in *First National Bank of Logan v. Walker Bank and Trust Co., 385 U.S. 252, 87 S. Ct. 492, 17 L. Ed. 2d 343 (1966)*, illuminates our path. The Court there held that national banks in Utah were constrained to establish branches in the same manner as state banks in that state. The Court opined that "it appears clear from . . . the legislative history of § 36(c)(1) and (2) that Congress intended to place national and state banks on a basis of 'competitive equality' insofar as branch banking was concerned." *385 U.S. at 261, 87 S. Ct. at 497.* It was this concern for competitive equality that drove the Court's decision in First National Bank in *Plant City v. Dickinson, 396 U.S. 122, 90 S. Ct. 337, 24 L. Ed. 2d 312 (1969)*, wherein it held that the definition of "branch" in *12 U.S.C. § 36* was a matter of federal law.

In Plant City, the Court emphasized the importance of employing a federal definition to ensure that national banks would be **[*270]** able to perform the same branching functions as neighboring state banks. **[**9]** The Court relied on the legislative history of the McFadden Act, codified as *12 U.S.C. § 36*, reasoning that to allow the states to regulate banking functions "would make them the sole judges of their own powers. Congress did not intend such an improbable result. . . ." *396 U.S. at 133-34, 90 S. Ct. at 343.* The court cited legislative history demonstrating that Congress was concerned that "neither system have advantages over the other in the use of branch banking" and that national banks would be protected "from the unrestricted branch bank competition of state banks." *Id. at 131, 90 S. Ct. at 342.* n1

n1 In other areas traditionally regulated by state law, the Supreme Court has applied federal definitions to federal statutory terms even when the federal statute contains references to state law provisions. See *Chase Manhattan Bank v. City Finance Admin., 440 U.S. 447, 99 S. Ct. 1201, 59 L. Ed. 2d 445 (1979)* (definition of "tax" under federal statute governing state taxation is a question of federal law); *SEC v. Variable Annuity Life Insurance Co., 359 U.S. 65, 79 S. Ct. 618, 3 L. Ed. 2d 640 (1959)* (definitions of "insurance" and "annuities" for purposes of federal regulation are questions of federal law even if such definitions work to displace or hinder state regulation)

[10]**

The principle of competitive equality guided the Comptroller's analysis and informed his decision in the present case. He observed that "the concept of competitive equality requires a federal definition of 'State bank' to prevent states from disadvantaging national banks vis-a-vis state-chartered institutions by merely denominating these institutions 'banks' and treating them somewhat differently from state commercial banks, though not so differently as to prevent these institutions from competing with national banks."

We conclude that the Comptroller's use of federal law and the competitive equality standard was legally correct. By doing so the Comptroller was faithful to the congressional mandate and demonstrated considerable expertise in balancing national and state interests in this constantly evolving area.

Function versus Title

Having concluded that the federal definition of banking business controls the meaning of that term in § 36(h), we must now determine whether the Comptroller correctly placed the Mississippi savings associations within that subsection. The Comptroller looked to function and found as a fact that the savings associations were engaged in the banking **[**11]** business. The district court did not address those factual findings.

We agree with the Comptroller that the language of § 36(h) expressly requires a consideration of function. The statute directs that the term "State bank," as used therein, "shall be held to include . . . corporations or institutions carrying on the banking business under the authority of state laws." We hold that the Comptroller was statutorily mandated to determine whether the Mississippi savings associations, some of which publicly refer to themselves as "savings banks," were actually "carrying on the banking business." This task could only be accomplished by a targeted functional analysis. The very recent Supreme Court decision in *Clarke v. Securities Industry Association, 479 U.S. 388, 107 S. Ct. 750, 93 L. Ed. 2d 757, 55 U.S.L.W. 4111 (1987)*, implicitly supports the Comptroller's use of this functional analysis methodology. n2

n2 Our colleagues in the District of Columbia Circuit used this approach in defining "branch" in *Independent Bankers Association of America v. Smith, 175 U.S. App. D.C. 184, 534 F.2d 921* (D.C. Cir.), cert. denied, *429 U.S. 862, 97 S. Ct. 166, 50 L. Ed. 2d 141 (1976)*. There, the court determined that all bank offices, state or national, that perform any one of three branch banking services, are "branches" for purposes of the National Bank Act, regardless of the offices' actual labels. Thus, for example, automatic teller machines con-

stitute "branches" for purposes of the Act.

[**12]

As noted above, Congress has defined the business of banking, stripped to its essentials, as accepting deposits, paying checks, and making loans. As observed by the Comptroller, these three primary functions [*271] are listed in the National Bank Act's definition of branch in *12 U.S.C.* § *36*(f). n3

n3 The Supreme Court has defined "banking business" similarly in antitrust cases. In *United States v. Philadelphia National Bank, 374 U.S. 321, 83 S. Ct. 1715, 10 L. Ed. 2d 915 (1963)*, the Court stated that of the various banking services and products,

the creation of additional money and credit, the management of the checking account system, and the furnishing of short-term business loans would appear to be the most important.

374 U.S. at 326-27, 83 S. Ct. at 1721. The Court has repeated this delineation of banking functions in subsequent antitrust cases, see, e.g., *United States v. Phillipsburg National Bank, 399 U.S. 350, 90 S. Ct. 2035, 26 L. Ed. 2d 658 (1970); United States v. First National Bank, 376 U.S. 665, 84 S. Ct. 1033, 12 L. Ed. 2d 1 (1964).*

As a reviewing court, we must accept the Comptroller's factual findings unless we find that they are arbitrary or capricious. *5 U.S.C. [**13]* § *706*. Our determination must be made on the basis of the administrative record. *Camp v. Pitts, 411 U.S. 138, 93 S. Ct. 1241, 36 L. Ed. 2d 106 (1973).*

The Comptroller's factual determination that the savings associations are engaged in the banking business is amply supported by the record. These associations, consistent with state law, accept deposits, pay interest on accounts, offer checking accounts, act in a fiduciary capacity, make personal loans, sell money orders and travelers' checks, service loans, manage investments, honor withdrawals from savings accounts, and purchase, sell, lease, and mortgage both personal and real properties. This factual finding by the Comptroller is neither arbitrary nor capricious. It is patently correct.

In reaching our conclusion we are not unmindful of the Garn-St. Germain Act, adopted in 1982, *12 U.S.C.* § *1461* et seq., expanding the regulatory scheme for savings and loan associations. That regulatory scheme, intended to ensure that savings and loan institutions maintain their status "as the nation's primary home lender," S.Rep. No. 641, 97th Cong.2d Sess. 88, reprinted in 1982 U.S. Code Cong. & Ad. News 3054, 3131, differs from the [**14] regulation of the traditional bank. The principal difference involves the limits placed on the commercial and consumer loans and investments of the savings institutions, designed to protect their capacity to make needed home loans. That legislation neither proscribes the functional analysis made by the Comptroller nor militates against his interpretation of *12 U.S.C.* § *36* (h).

The Comptroller did not incorrectly interpret the controlling statutory provisions. His interpretation was more than a mere "permissible construction," all that is required in order to secure this court's deference. See Chevron v. Natural Resources Defense Council; *United States v. Riverside Bayview Homes, Inc., 474 U.S. 121, 106 S. Ct. 455, 88 L. Ed. 2d 419 (1985);* and Texas v. United States. We find the Comptroller's interpretation to be amply supported by the express "language employed by Congress," giving the words it chose their "ordinary meaning." *American Tobacco Co. v. Patterson, 456 U.S. 63, 68, 102 S. Ct. 1534, 1537, 71 L. Ed. 2d 748 (1982).*

The district court erred in enjoining the Comptroller and Deposit Guaranty. The injunction imposed is vacated and the judgment is reversed. The Comptroller [**15] is entitled to judgment as a matter of law. The matter is returned to the district court for entry of an appropriate judgment.

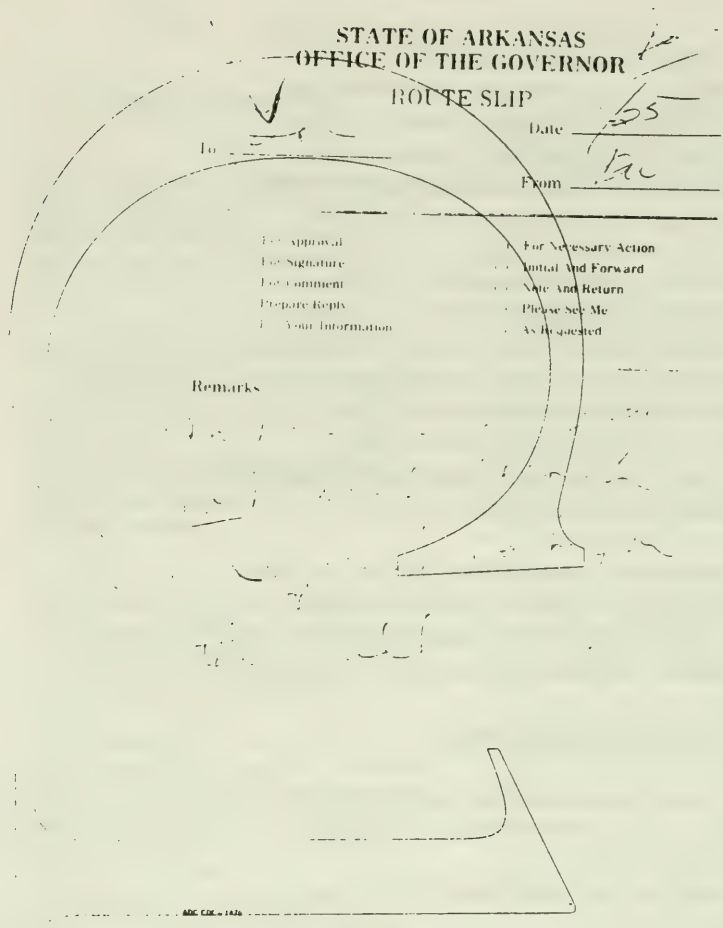
REVERSED.

69

regard to calling the special session"?
A Well, I don't know that we ever had any written conditions, you know. I think he certainly verbalized that to us along those terms that I've just enumerated that would certainly give us reason to where we had to be with the votes and the support.
Q Was it your impression that as of the beginning of the summer of 1988 in the June time period, you had demonstrated the type of support for this legislation that the Governor had requested as a necessary condition to calling the special session?
A It's my opinion that we had, yes, sir.
Q Okay. And the bank commissioner supported your proposal for a special session?
A Yes, sir, he did.
Q What about Sam Bratton, did he seem to be supportive of your desire for a special session?
A It's my impression as time moved along that Sam Bratton did become more supportive of the special session.
Q What about Betsy Wright?

70

A It's my impression that she was not as supportive of the Governor calling a special session.
Q Why do you think Betsy Wright was not supportive?
A I think she was concerned from the viewpoint of the possibility that the Governor would call a special session, the bankers would get into a squabble or some would try to amend the legislation and they'd be down there for an extended period of time.
And honestly in our statement, the public does not respond well to those kinds of things. They're not very responsive to the special sessions, and they're certainly not responsive to legislation or staying there for an extended period of time. So I would base -- my knowledge of the situation was that it would have been a concern of hers.
Q And what about the Governor, he remained hesitant, I take it?
A The think the Governor remained hesitant until close to the time that he called the session



STATE OF ARKANSAS
OFFICE OF THE GOVERNOR

ROUTE SLIP

Date

To

From

For Approval
For Signature
For Comment
Prepare Reply
For Your Information

For Necessary Action
Initial And Forward
Note And Return
Please See Me
As Requested

Remarks

JRTS 00010

TO: Governor DATE: January 13, 1988

FROM: Betsey

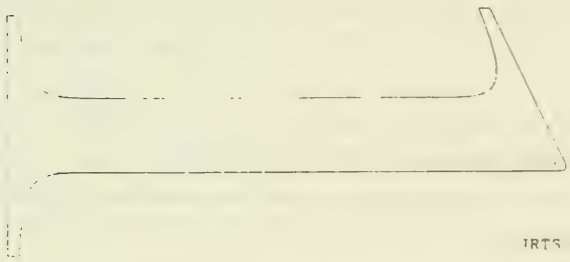
RE: Interstate Banking Bill

( ) Immediate action	( ) No action required
( ) Draft reply for Governor	( ) Please see me
( ) Reply or act in 1 week	( ) File
( ) Prepare report	( ) For your information
( ) For comment	

REMARKS:

Both Terry Renaud and Charlotte May called me today to ask whether you would include interstate banking in the call. I told them that I knew it was on the list of things you had been asked to consider. I told both that my personal opinion was that it was an issue more appropriate for a regular session than a special session, but that I did not know what your thinking about it was.

Terry has asked me questions about whether the bankers association would be able to attach amendments on a branch banking issue recently undercovered in a court decision. I told him that if any banking bill were on the call, that all banking legislation or amendments would probably be germaine.



IRTS 00012

OFFICE OF THE GOVERNOR

MEMORANDUM

To Governor Date: April 20, 1988

From Sam

Subject: BW's Jerry Renaud discussion

With regard to Renaud's assertion that the Comptroller is unlikely to act on the pending applications before the next regular session of the General Assembly, I have no way of knowing whether he or Bill Ford is right, but I do believe that Renaud is sincere in telling you that he believes the Comptroller will act much more expeditiously. I am also unconvinced by Renaud's assertion that if the Comptroller approves the applications, the Bank Commissioner or some other party could seek to enjoin the Comptroller. Certainly such action could be filed; however, once those applications are approved, I don't believe there is much likelihood that a subsequent change in state law would result in the cancellation or recision of the charters.

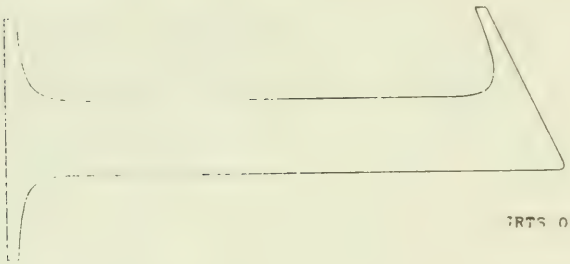
I do agree with Renaud that most of the provisions in the proposed bill, including interstate, will pass in January; however, by that point intrastate branch banking, under the Mississippi exception, may well be in place.

Renaud may well be right that S&L proponents would try and get state deposits into the debate; however, given the state of the S&L industry in Arkansas, I believe the S&L proponents have less chance

on that issue [illegible] they have in previous sessions when they were unable to muster sufficient support for passage.

I do agree that it will be difficult to hold both bankers and legislators in line for a "no amendment" policy, although I think we will have a better sense of that after we have heard from a larger number of legislators.

Paragraph 5 issue - Bank Department [illegible] funded from assessments on state chartered banks. It seems [illegible] if them switched to national charters, would cut down on available revenues to fund State Bank operations. Neither Ford nor Hartsfield have raised that as a possible consequence [illegible] different action on these issues.



TRTS 00496

2PS Sess III - memo

3C/3e Carroll & Harris/Reid
Jan 25

opposition - TCB, Nation Bank, Union, maybe Bowen --
Decision on provision options —

still would place ~~after~~ under same restrictions on branching as applies re banks — McFadden Act allows each state to control branching

- Hartnett/el acknowledges that wkg of this could get Reg bank in offers
- also acknowledges that any hitg on this would take over a yr anyway -- at applicant would get chance to ? interfer given we in business unless D Ct enjoins issuance or use of charter —

578-3481 TF Doug Simmons - Helena to Helena - wants Sci to put S/L branch repeal in - no things it would be controversial - told him that Carroll had said would be opposed, also would allow Reg Interstate

RTF B. Ryburn re S/L branching - out refd message

2TF - P. Berry - hopes Gov would put it in —

IRTS 00002

TCB

The Twin City Bank

EDWARD M. PENNOCK
PRESIDENT

RECEIVED
JUN 07 1968

Mr. Marion Jarrett, President
First State Bank & Trust Comp.
P. O. Box 719
Conway, Arkansas 72032

Dear Marion:

As you know, Twin City Bank and State Bank Commissioner Ford are defendants in Civil Suit No. 118 of 1968 in Pulaski Chancery Court, First Commercial Bank and others. The ex parte attempt to delay trial on the merits of this litigation into the regular trial docket of the proposed Omnibus Banking Bill. This letter is further for the purpose of briefly setting forth the situation and position of TCB in this controversy.

TCB does not oppose the bill. Our neutrality is based on the effect of the part of the bill that deals directly with us and this litigation.

Act 519 of 1967 passed overwhelmingly: 80 to 11 in the House; 31 to 10 in the Senate. Under its provisions, TCB applied for, and was granted, five permits to branch in Little Rock. No objection was raised in the application process despite all appropriate notices being sent by the State Bank Department. First Commercial Bank and its allies ignored a direct attack on our permits in Circuit Court, the established statutory means of challenging the Bank Commissioner's approval. Instead, they challenged the action of the Bank Commissioner after our permits were granted and without naming TCB as a party. In fact, we were not even brought into the case until after we had gone to the expense of actually opening our branch at 400 Capitol Avenue, which is the financial center of the Pulaski metropolitan area of the state. It was only at this point that First Commercial tried to close our Capitol Avenue Branch while the lawsuit was being decided. They failed.

Simultaneously with this litigation, the banking community was taking steps to develop a comprehensive state solution to disparities in the branching authority of banks and savings and loans. Initially, drafts of the Omnibus Bill [illegible] were circulated which were consistent with TCB's branching initiative made possible by Act 519 of 1967. A meeting was held by the

1968 00142

[illegible]

[illegible]

Arkansas Bankers Association [illegible], a feature to which TCB was not entitled. In that feature, we understand, representatives of Rural Commercial Insurance Group proposed which was designated to interface with an established Federal Avenue branch. A grandfather clause was included but the wording may be insufficient to protect that operation branch.

As initially stated in this letter, TCB wants to support the proposed bill. However, we must have reliable assurance that the wording 'grandfathers in' any operating branch. We appeal to your sense of fairness and ask for your support to enable TCB to fully and actively support this bill by protecting your legislators and regulators their commitment to accept a grandfather provision that states:

> "Any bank may, at its option, operate an branch office, relocate a branch, or open banking facility which is separate from the main office of the bank and in operation on May 31, 1983 as a full service branch or a customer-bank communications terminal."

Yours truly,

Edward H. Penick, Jr.

EHP:ccc

[illegible]

[illegible]

[illegible]

OFFICE OF THE GOVERNOR

MEMORANDUM

To Governor Betsey Date: April 25, 1988

From Sam

Subject Special Session

Bowen called this morning to inquire as to what I thought were the possibilities for a special session. His assessment based on discussions primarily with First Commercial's correspondent banks is that an overwhelming majority of the banks out in the state are expressing support for the proposed legislation but that many of them are "paying lip service" to agreeing and continue to gripe about various specific provisions of the bill and that most of them are not really working that hard on their legislators. He also said it was his impression that TCB is attempting "to be a spoiler".

I also received a call from Charlotte Ray of the Arkansas Association of Bank Holding Companies who said that a telephone survey of the Holding Companies membership at the end of last week indicated that 72% of that group favored the bill, 18% were opposed to it and 10% were neutral. On the question of whether the special session should be held to consider the issue, 57% were for a session and 41% were opposed. According to Charlotte, roughly half the banks in the state are members of the Bank Holding Company Association and, while she declined to be pinned down as to a specific number of banks that were contacted, she said that only two or three of the Association's membership did not respond to the survey.

Also attached are recent correspondence on this issue.

Attachments

JRTS 00491

4/19/88

TO: Gov

FROM: Bersey

RE: Terry Renaud cc: Sam

I had lunch with Terry Renaud and Margaret Davenport today. I actually would not have agreed to an appointment to discuss the bank special session and would have insisted on them talking to sam, except that Margaret has been very standoffisyh to me since her own attempt to be appointed bank commissioner. I knew that if Terry Renaud asked her to set up lunch with me, I had to do it for her.

Well, I wish I understood all these issues, but I will try in my feeble way to set them forth.

1. Terry says there is no way to declare this a "state" emergency. Most of the elements of the omnibus bill will pass in the January session regardless of the state-charted S&L issue.

2. The idea that this has to happen before Comptroller of the Currency grants any of the pending applications flies in the face of the speed with which that office operates. Terry says that even if something greased them through before January without the usual federal delays and extensions, Bill Ford could file in court the very next day asking to enjoin the Comptroller just like they did in Mississippi. That for sure would delay til the regular session he said.

3. Even if everybody gets here to a special session saying they are for the bill, there will be lots of amendments and he says it will be a major fracas and predicts only one tiny portion will survive. EVEN I QUESTION WHETHER THE BANKERS CAN GET A FIRM COMMITTMENT FROM THE MEMBERS OF THE RELEVANT COMMITTEES TO SUPPORT THEIR BILL ONLY WITHY NO AMENDMENTS.

4. Terry says that if he were in an S&L, he would move in with resentment that bankers were utilizing one of their provisions to bargain their own deal. One way or the other S&L's will inject getting state deposits into the battle, increasing the fray.

5. Terry says that the important goal is the preserve the dual banking system, and that it would be an emergency if applications were grantedf and all state banks started moving to federal charters. The Arkansas Bank Department would then face an emergency situation cause they wouldn't have funding. And the dual banking system would be threatened. Terry says that the

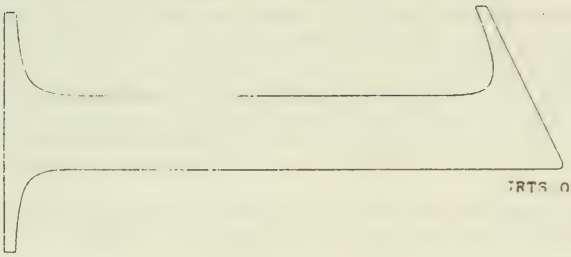
solution here is to give identical powers of the Comptroller to our Bank Commissioner, not this legislation.

6. He, and he says other like-minded bankers, are unwilling to be overt in opposition to this bill; he doesn't oppose it. He says there is no emergency and it will be a donnybrook, no matter how many legislators say they are for the bill.

7. He says that most banks in this state did not participate in the "vote"

8. He is fearful that a donnybrook in a visible special session will seriously impair what he believes the big crisis to banks to be: going to the people to change the usury rate.

I know I have not done this justice; I also know I am looking for any way out of a special session on this; I also know that the calls I am getting from legislators reflect no understanding on their part of the "emergency" involved or what amendments, etc. might be attempted.



TRTS 00497

M E M O R A N D U M

TO: Sam T. Bratton, Jr.

FROM: Bill Bowen

DATE: July 10, 1987

RE: Populace County Branching Bill - S.B. 539 of 1987

As you know, this bill provides for limited branching by banks in Pulaski County only. The Attorney General has given us an opinion that it is unconstitutional as local legislation. James Street, Cave City Banker, President of the Independent Bankers Association, convened his board Wednesday, June 3, and it was unanimously agreed that this organization of 170 community banks in Arkansas would ask Marlin Jackson to request an opinion of the Attorney General on constitutionality and, if it were constitutionally suspect, to withhold approvement of branches because to do so would be an unsafe and unsound banking practice.

They communicated this to Jackson at 9:15 wednesday. He has it under advisement.

For your information, Steve Clark told and or indicated to Senator Ben Allen that he viewed the Act as constitutionally suspect.

Please discuss this with me at your earliest convenience 371-7010.

cc: Bill Bowen
P. O Box 1471
Little Rock, AR 72203

TRTS 00593



FIRST COMMERCIAL BANK

July 7, 1988

PERSONAL AND CONFIDENTIAL

Governor Bill Clinton
State Capitol
Little Rock, AR 72201

RE: Arkansas Bankers Branching/Interstate Banking Legislative Initiative for Presentation to the Special Session

Dear Governor:

You invite me to remove from the captioned ABA package, the so-called "home office protection" feature. It prohibits branching within 300 linear feet of the principal office of an existing bank. This feature is in the existing law and has been since 1973.

Your invitation presupposes that I have the right to remove this feature and that it lacks the support of bankers and legislators. To support the latter point, you advise that some 15 bankers and legislators have told you they don't like it. This information apparently came to your attention in the July 5 morning meeting with Bank Commissioner Ford, Former Commissioner Jackson, ABA Past President Hartsfield, Senator Beebe and Representative Wilson. This minority view you cite is not surprising. It contrasts with endorsement by 80% of bank CEO's attending a statewide meeting in March and with an ABA legislative head count of 65% support for the bill as a package.

My response to your invitation was to ask you to sleep on it; you invited me to find support for inclusion of the home office protection feature.

The leadership of the ABA is as follows. I have consulted them all except Rainwater.

President:	Sloan Rainwater (hospitalized with heart surgery)
President-Elect:	Sonny Henson, Fort Smith
Treasurer:	Al Rusher, Brinkley
Group Chairmen:	G. L. Lieblong, Paragould; Larry Nelson, Mountain Home; Rick Parsons, Springdale; Bob Burns, Magnolia; Curtis Hutchins, Fordyce

Leaders, in addition to these, with whom I have visited include Walter Turnbow, Springdale; W. E. Ayres, Simmons, Pine Bluff; Bob Gantt, First National, Magnolia; and Cecil Culp, Jr., and Ray Cash, Arkansas Bank and Trust, Hot Springs.

To a man, each of these leaders endorsed the entire legislative package and specifically the home office protection feature, and Barnett Grace, President of First Commercial Bank, confirmed with Jim Walton his support.

If the home office protection feature is excluded and the suit in Pulaski Chancery repudiated which challenges Act 539 of 1987, TCB will be left in place in the TCBY Tower within 300 linear feet of this building. If the ABA bill as proposed is passed and TCB loses the suit, as my lawyers confirm and I am confident they will on July 14, they can relocate just outside the 300 foot parameter of existing law and there join the Worthen, the Union, OneBank, First Commercial, Savers, Capitol Savings and Loan, First Federal, Home Savings, and Superior Federal, all within a stone's throw of 5th and Broadway.

What is your guidance? I am committed to support this legislative initiative, as is or as reasonably modified. I prefer the widely supported ABA package.

Cordially,

William H. Bowen
Chairman of the Board

WHB:ccb
d4/cc

cc: Governor Bill Clinton
1800 Center Street
Little Rock, AR 72206

ARKANSAS

Kern L. Treat, Director
Bill Goodman, Assistant Director for Fiscal and Tax Research Services
Larry Holifield, Assistant Director for Legal and Research Services

BUREAU OF LEGISLATIVE RESEARCH

State Capitol, Room 315 Little Rock, Ark. 72201 (501) 371-1937

RECEIVED
MAY 10 1988
STATE BANK DEPT.

May 3, 1988

PURPOSE OF LEGISLATION

The primary purposes of the attached proposed Legislation are as follows:

a. To provide for Regional Reciprocal Interstate Banking in Arkansas.

b. To provide for immediate county wide bank branching.

c. To provide for bank branching into contiguous counties in 1993.

d. To provide for state wide bank branching after December 31, 1998.

e. To provide that State Chartered Savings and Loan Associations have the same branching authority as banks.

f. To provide for an orderly method to dispose of a failed bank by the Bank Commissioner.

OTHER MOTIVES

1. The United States Supreme Court denied a review of a Mississippi case concerning bank branching. In essence, this case, known as the Deposit Guaranty case, involved a national bank in Mississippi which applied for expanded branching authority on the premise that Mississippi Savings and Loan Associations are allowed to branch state wide. The Comptroller of the Currency approved the application. Upon appeal, the United States Supreme Court sided with the lower court ruling which upheld the ruling of the Comptroller. This decision has far-reaching ramifications and has triggered applications for bank branches in several states, including Arkansas. These applications are filed irrespective of state law. The proposed bill will place the branching powers of banks and Savings and Loan Associations on equal footing.

2. Act 539 of 1987 amended the bank branching statute to provide for county wide branching in counties with a population of more than 200,000. Subsequent to the passage of Act 539, the Bank Commissioner has approved two branch applications for Twin City Bank of North Little Rock. Twin City now operates two branches in Little Rock. The Independent Bankers Association have challenged Act 539 in Court as local legislation. The proposed bill provides for an orderly phase-in of state wide branching over a period of ten (10) years.

SUMMARY OF BILL

Section 1 addresses the interstate banking issue. This Section is identical to HB 1004 of the 1987 Regular Session. As you know, HB 1004 failed to receive any recommendation from the Senate Insurance and Commerce Committee. In addition to Kansas, Nebraska, District of Columbia and West Virginia, which were not in HB 1004, the region includes; Arkansas, Tennessee, Missouri, Mississippi, Texas, Louisiana, Oklahoma, Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia.

Section 1 permits Regional Bank Holding Companies to acquire Arkansas Bank Holding Companies or Banks as follows:

1. By merger or consolidation of a bank holding company with another.

2. Acquisition by a bank Holding Company of control of voting shares of a bank or Bank Holding Company.

3. Acquisition by a Bank Holding Company of all assets of a bank or another Bank Holding Company.

4. Any other action which may result in a Bank Holding Company obtaining a controlling interest of a bank or another Bank Holding Company.

The procedures for an acquisiton are as follows: A Regional Bank Holding Company files an application with the Commissioner. The application will include information such as how the acquisition will promote the safety and soundness of the bank or Bank Holding Company, to be acquired; that the Regional Bank Holding Company meet standards of the Federal Community Reinvestment Act of 1977; that the Regional Bank Holding Company will bring new benefits to Arkansas. The Bank Commissioner has the following guidelines before approval of an application:

1. Application contains information required by the legislation.

2. Laws of the state where the Regional Bank Holding Company is located allow Arkansas Bank Holding Companies to acquire banks or Bank Holding Companies in that state.

3. Arkansas bank to be acquired has been in business for a least ten (10) years.

4. Proper notification has been published in local newspapers.

5. Makes the acquisition subject to same conditions that would apply to the acquisition by an Arkansas Bank Holding Company or bank of a bank or Bank Holding Company in the region

Sections 2 and 3 provide that a De Novo Charter is a bank charter filed after March 31, 1988. This definition is designed to assure that Regional Bank Holding Companies are acquiring banks that have been in business for at least ten (10) years.

Section 4 addresses branching problems. Current law allows bank branching within the county only with certain limitations. Act 899 of 1987 allows county wide

branching for banks in county with a population of 200,000. Section 4 of the proposed bill allows unrestricted county wide branching upon passage of the bill. In addition, it provides for branching in contiguous counties after December 199; and finally, it provides for state wide branching by acquisition after December 31, 1998.

SECTION 5 outlines the responsibilities of the Bank Commissioner on branch bank applications.

SECTION 6 grandfathers in existing branches established before March 31, 1988.

SECTIONS 7 and 8 place Savings and Loan Associations at par with banks as far as branching is concerned.

SECTION 9 outlines under what circumstances and in what order the Bank Commissioner can dispose of a failed bank. Act 963 of 1987 allows a failed bank to be acquired by another bank within the same city or county. Section 9 expands on this by allowing a failed bank to be acquired in the following order by a bank or Bank Holding Company:

1. Within the same city.
2. Within the same county.
3. Adjacent county.
4. Any part of the state.
5. Any part of the region.
6. Between a group of individuals, the majority of whom are residents of the region.

SECTION 10. Emergency Clause.

Please contact us if additional information is needed.

FJVD/mrd

IRTS 00120

Inc.

BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally

1ST OZARK NATIONAL BANK
4TH & MAIN, P.O. BOX 250
FLIPPIN, ARKANSAS 72634

LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns

Loan Number 5865
Date March 26 19
Maturity Date April 3 1988
Loan Amount $ 52,135.80
Renewal Of 5865

Note I promise to pay to you, or your order, at your address above, the principal sum of Fifty-two thousand one hundred thirty-five and 80/100---------- Dollars $ 52,135.80

plus interest from March 26, 1987 at the rate of 10.50 % per year until April 3, 1988

I will pay this amount as follows

(a) ☐ on demand (b) ☐ on demand, but if none is made on _____ (c) ☐ on _____

If (a), (b) or (c) is marked, I will pay accrued interest _____ and on the maturity date

(d) ☒ in 11 installments of $ 1,143.00 each beginning Nov 3 1987 and continuing on the same day of each ☒ month

☐ _____ thereafter, until April 3 1988 when a final payment of $ 44,764.68 will be due

(e) ☐ (other) _____

PAYMENTS Each payment when made shall be applied first toward accrued finance charges with the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record

DELINQUENCY AND DEFAULT I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees

☒ If checked, I agree to pay a late charge of 5.0% of the amount of a payment which is not paid within 10 days of when it is due, up to a maximum of $ 10.00

☐ If checked, I agree to pay interest at the rate of 10.50 % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration

PREPAYMENT I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full

☐ If checked, I agree to pay a minimum interest charge of $ _____ if I pay this loan off before you have earned this amount in interest

THE PURPOSE OF THIS LOAN IS Renew loan 5865

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments	I have the right to receive at this time an itemization of the Amount Financed
10.50 %	$ 5,700.83	$ 52,135.80	$ 57,836.68	X YES I want an itemization NO I do not want an itemization

My Payment Schedule will be

Number of Payments	Amount of Payments	When Payments Are Due	
11	$ 1,143.00	Monthly payments beginning Nov 3, 1987 and continuing until maturity date.	*e" means an estimate
1	$ 44,764.68	Total payment of principal and interest due April 3, 1988.	$ _____ Filing Fees $ _____ Non-filing Insurance

☐ This note has a demand feature ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year

Security I am giving a security interest in ☒ (a) all description of other property)

☒ the goods or property being purchased existing mortgage dated August 3, 1978

☒ collateral securing other loans with you may also secure this loan Assignment of escrow funds

☒ my deposit accounts and other rights to the payment of money from you

Late Charge ☐ I will be charged 5.0% of the amount of a payment which is more than 10 days late, up to a maximum of $ [illegible]

Prepayment If I pay off this loan early I ☐ may ☐ will not have to pay a penalty

☐ may ☐ will not be entitled to a refund of part of the finance charge

I can see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties

Insurance Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost

Type	Premium	Term	Signatures (or Initials)
Credit Life			I want credit life insurance X _____ Name of Insured
Credit Disability			I want credit disability insurance X _____ Name of Insured
Joint Credit Life			I want joint credit life insurance X _____ Name of Insured _____ Name of Insured

I do not want _____ Credit Life Ins. X _____ Credit Disability Ins. X _____ Joint Credit Life Ins.

Property Insurance I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay $ _____ for _____ of coverage

Itemization of Amount Financed

Amount given to me directly	$ _____	(a)
Amount paid to others on account RENEWAL	$ 52,135.80	(b)
Amounts paid to others on my behalf		
To Property Insurance Company	$ _____	(c)
To Credit Life Insurance Company	$ _____	(d)
To Disability Insurance Company	$ _____	(e)
To Public Officials	$ _____	(f)
_____	$ _____	(g)
_____	$ _____	(h)
Prepaid Finance Charge	$ _____	(i)
AMOUNT FINANCED (a through h)	$ 52,135.80	(j)
Finance Charge (include prepaid)	$ 5,700.88	(k)
Total of Payments (j + k)	$ 57,836.68	(l)

Security To secure the payment of the note total (defined on the reverse side):
1) I acknowledge and agree that you have the right to set-off this note against any deposit you have (now or hereafter) to pay money to me.
2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you.

(3) ☐ If checked, this note is not further secured by any contemporaneous agreement (except for (1) and (2) of this section)

(4) ☒ If checked, this note is secured by a separate existing mortgage dated August 3, 1978

5) ☒ **Security Agreement.** If checked, I give you a security interest in the property described below. The rights I am giving you in this property and the obligations this agreement creates are defined on the reverse side of this form.

Lots in Whitewater Estates, recorded August 3, 1978, Book 240, Page 349-349A, Marion County, Arkansas

Assignment of escrow funds

If checked, this security agreement (if filed) should be filed in the real estate records

Legal Description _____

Record Owner (if not me) _____

Signatures

This property will be used for ☐ Personal ☒ Business ☐ Agricultural

☐ (other) _____ purposes

☐ If checked, this is a purchase money loan. You may include the name of the seller on the check or draft for this loan.

A person who signs within this enclosure does so to give you a security interest in property described above, but assumes no personal obligation to pay this note

Title _____

Date _____

Signature for Lender, where necessary for filing this security agreement

I agree to the terms of the note and security agreement above (including those on the other side of this form) and acknowledge receipt of at least one copy on today's date.

COSIGNERS: SEE NOTICE ON REVERSE SIDE BEFORE SIGNING

Signature James B. McDonald

Signature [illegible]

Signature _____

SINGLE INTEREST NOTE DISCLOSURE AND SECURITY AGREEMENT

© BANKERS SYSTEMS, INC. ST. CLOUD, MN 56301 FORM NDS-S1-AR (1/85)

DISC

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375 9131
TELECOPIER (501) 375-1309
U. M. ROSE
(1834-1913)

PHILLIP CARROLL
W. DANE CLAY
GEORGE E. CAMPBELL
HERBERT C. RULE, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM DOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH B. SMITH
RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CHARLES W. BAKER
DAVID L. WILLIAMS
CAROL S. ARNOLD

JACKSON FARROW JR.
LES R. BALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
KEVIN B. BURNS
RICHARD T. DONOVAN
RICHARD N. MASSEY
GARY N. SPEED
MICHAEL F. LAZE
M. ELIZABETH GOFF
SARAH C. HOOD
MICHAEL B. JOHNSON
STEPHEN N. JOINER
B. MICHAEL BENNETT
THOMAS C. VAUGHAN, JR.
JAMES M. DRUFF
ELANA L. CUNNINGHAM
JAY F. SHEPHERD
GORDON W. WILBOURN

J. GASTON WILLIAMSON
OF COUNSEL

CERTIFIED MAIL

June 9, 1988

RECEIVED BY:
JUN 10 1988

Mr. and Mrs. James B. McDougal
3700 Cantrell - Suite 202
Little Rock, AR 72202

Dear Jim and Susan:

Wes Strange called me to ask if I could contact you to obtain a resolution by Whitewater's Directors, namely you two, authorizing Bill or me to sign the extension of the loan agreement. I have not been able to contact you on this and thought I might try to do so in writing. I called a number Susan left for me to return her call at 714-857-4920 a number of times but never received any answer. If you receive this letter, would you please contact me so that we can discuss how to respond to this request from First Ozark? The note is up for extension, and the Bank is clearly anxious to have this matter resolved properly in time for their examination.

If you have any questions, please give me a call.

Sincerely yours,

HILLARY RODHAM CLINTON

HRC:ckp

cc: J. W. Strange

Blind P.S. - Wes, I do not know what else to do. If you have any suggestions, please give me a call. Thanks.

DI87

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309
U. M. ROSE
(1834-1913)

PHILLIP CARROLL
W. DANE CLAY
GEORGE E. CAMPBELL
HERBERT C. RULE, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHEMIN
RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CHARLES W. BAKER
DAVID L. WILLIAMS
CAROL B. ARNOLD

JACKSON FARROW JR
LES R. BALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
KEVIN R. BURNS
RICHARD T. DONOVAN
RICHARD N. MASSEY
GARY N. SPEED
MICHAEL F. LAX
M. ELIZABETH GOFF
SARAH C. HOOD
MICHAEL B. JOHNSON
STEPHEN N. JOINER
B. MICHAEL BENNETT
THOMAS C. VAUGHAN, JR.
JAMES M. DRUFF
ELANA L. CUNNINGHAM
JAY F. SHELL
GORDON M. WILBOURN

J. GASTON WILLIAMSON
OF COUNSEL

RECEIVED BY: DW

July 13, 1988 JUL 14 1988

Mr. J. W. Strange
1st Ozark National Bank
P. O. Box 250
Flippin, AR 72634

Dear Wes:

I am enclosing the renewal note you sent for Bill's and my signature. Despite repeated efforts, I have been unable to reach the McDougals.

Thank you for your assistance in this matter. With best regards, I am,

Sincerely yours,

Hillary Rodham Clinton

HILLARY RODHAM CLINTON

HRC:ckp

Encl.



STATE OF ARKANSAS
OFFICE OF THE GOVERNOR
Little Rock 72201

Bill Clinton
Governor

July 1, 1988

Dear Members of the General Assembly:

I will convene the General Assembly in Special Session at 11:00 a.m. on Monday, July 11, 1988, to consider enactment of the omnibus banking legislation being proposed by the Arkansas Bankers' Association; a series of bills to implement recommendations of the Quality of Care Task Force and Attorney General Steve Clark pertaining to the operation of nursing homes; and a few other matters.

The state certainly does have other major problems and issues which need to be addressed; however, those matters are of such complexity that they cannot be dealt with in a brief special session. I am working hard to develop a comprehensive legislative program for the upcoming regular session of the General Assembly to address those problems and issues.

You have previously received letters from Bank Commissioner Bill Ford and the Arkansas Bankers' Association outlining the events which have led to several national chartered banks in Arkansas filing applications with the Comptroller of the Currency to establish branch banks in communities outside the communities in which the principal offices of these banks are located. A total of twenty-two applications for branches are currently pending with the Office of the Comptroller of the Currency.

Because I know many of you have vacation plans or professional commitments during July and August, I had hoped to obtain assurances from the Office of the Comptroller of the Currency that action on these twenty-two applications would not be taken before fall. However, the Comptroller's Office has advised Bank Commissioner Bill Ford that analysis and review of the applications could be completed by the end of July. There is a legal consensus that if these applications are approved, a subsequent change in state law would not affect the validity of the approved applications and the branches could go into operation. Thus, unless Arkansas law is changed prior to approval of these pending applications and other applications that probably will be filed if the initial applications are approved, national chartered banks will be afforded a substantial competitive advantage over the 174 state chartered banks.

July 3, 1986
Page Two

I believe the dual banking system has served our state well. The Arkansas Bankers' Association's proposed legislation provides for a phased-in system of statewide branching for both national and state chartered banks under the authority of state law. To allow national chartered banks at least a six months opportunity to establish branches statewide when state chartered banks lack such authority would do much to undermine equity in the dual banking system. Therefore, I have concluded that this issue must be addressed as quickly as possible to ensure that the executive and legislative branches of state government retain control over the branch banking issue.

Because the branch banking issue must be considered, I believe I should also include consideration of nursing home legislation in the call for the session so that this important package of legislation can be considered by the General Assembly as soon as possible. Based on the work that has already been done on this legislation by the Quality of Care Task Force and Attorney General Steve Clark, I believe these bills can be addressed in the Special Session without delaying the completion of the session beyond the end of the week of July 11.

I will be issuing the official call for the session on Tuesday, July 5.

Sincerely,

Bill Clinton

BC/sib/js

JRTS 00363

7/5/88

TO: Gov

FROM: Betsey

RE: Bankers Bill cc: Sam

Neither Sam nor I understands what your next step followup with Bill Bowen is on the 300' issue.

The bill which is being delivered to this office in the morning by the Bankers Association/Bill Ford does not contain the 300' provision based on their conversation with you this morning.

TBTS 00196

Lincoln Development Co., Inc.

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above jointly and severally

1ST OZARK NATIONAL BANK
4TH & MAIN PO BOX 250
FLIPPIN, ARKANSAS 72634

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns

Loan Number 16,5882
Date July 15, 1988
Maturity Date November 3, 1991
Loan Amount $ 36,333.66
Renewal Of 16-5882

Note: I promise to pay to you, or your order, at your address above the principal sum of Thirty-six thousand three hundred thirty-three and 66/100---------- Dollars $ 36,333.66
plus interest from July 15, 1988 at the rate of 11.00 % per year until November 3, 1991

I will pay this amount as follows:
(a) ☐ on demand (b) ☐ on demand, but if none is made on _____ (c) ☐ on _____
If (a), (b) or (c) is marked, I will pay accrued interest _____ and on the maturity date
(d) ☒ in 38 installments of $ 1,183.00 each beginning September 3, 1988 and continuing on the same day of each ☐ month
☐ _____ thereafter until November 3, 1991 when a final payment of $ 27.59 will be due
(e) ☐ (other) _____

PAYMENTS: Each payment when made shall be applied first toward accrued finance charges with the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees.

☐ If checked, I agree to pay a late charge of 5.00 % of the amount of a payment which is not paid within 10 days of when it is due, up to a maximum of $ 15.00

☐ If checked, I agree to pay interest at the rate of 11.00 % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

☐ If checked, I agree to pay a minimum interest charge of $ _____ if I pay it loan off before you have earned this amount in interest.

THE PURPOSE OF THIS LOAN IS Real Estate Sales

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments
11.00 %	$ 7,127.93	$ 36,333.66	$ 43,461.59

I have the right to receive at this time an itemization of the Amount Financed.
YES I want an itemization
NO I do not want an itemization

e means an estimate

My Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
38	$ 1,183.00	Monthly, beginning September 3, 1988 and continuing until November 3, 1991.
1	$ 27.59	Total payment of principal and interest due on or before November 3, 1991.

$ _____ Filing Fees
$ _____ Non-filing Insurance

☐ This note has a demand feature. ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year.

Security: I am giving a security interest in
☒ the goods or property being purchased
☐ collateral securing other loans with you may also secure this loan
☒ my deposit accounts and other rights to the payment of money from you
☒ (brief description of other property) Existing Mortgage dated August 2, 1978. Assignment of escrow funds.

Late Charge: ☒ I will be charged 5.00 % of the amount of a payment which is more than 10 days late, up to a maximum of $ 15.00

Prepayment: If I pay off this loan early, I ☐ may ☒ will not have to pay a penalty.
☐ may ☒ will not be entitled to a refund of part of the finance charge.

I can see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost.

Type	Premium	Term	Signatures for Initials
Credit Life			I want credit life insurance. A _____ Name of Insured
Credit Disability			I want credit disability insurance. A _____ Name of Insured
Joint Credit Life			I want joint credit life insurance. A _____ Name of Insured _____ Name of Insured

I do not want ___X___ Credit Life Ins. ___X___ Credit Disability Ins. ___X___ Joint Credit Life Ins.

Property Insurance: I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay $ _____ for _____ of coverage.

Itemization of Amount Financed

Amount of credit to me directly	$ 36,333.66	(a)
Amount paid on my account	$ _____	(b)
Amounts paid to others on my behalf		
To Property Insurance Company	$ _____	(c)
To Credit Life Insurance Company	$ _____	(d)
To Disability Insurance Company	$ _____	(e)
To Public Officials	$ _____	(f)
_____	$ _____	(g)
_____	$ _____	(h)
Prepaid Finance Charge	$ _____	(i)
AMOUNT FINANCED (a through i)	$ 36,333.66	(j)
Finance Charge (include prepaids)	$ 7,127.93	(k)
Total of Payments (j + k)	$ 43,461.59	(l)

Security: To secure the payment of the note total (defined on the reverse side)
(1) I acknowledge and agree that you have the right to set off this note against any obligation you have (now or hereafter) to pay money to me.
(2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring the property securing this note. You will apply this toward what I owe you.

(3) ☐ If checked, this note is not further secured by any contemporaneous security agreement (except for (1) and (2) of this section).

(4) ☐ If checked, this note is secured by a separate _____ dated August 2, 1978

(5) ☒ Security Agreement. If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and other obligations I have, are more fully explained and defined on the reverse side of this form.

Lots in Whitewater Estates, recorded August 15, 1978 Book 240, Page 349-349A, Baxter County, Ark.
Assignment of escrow funds.

If checked, this security agreement (if filed) should be filed in the real estate records.
Legal Description _____
Record Owner (if not me) _____

This property will be used for ☐ Personal ☒ Business ☐ Agricultural ☐ (other) _____ purposes.

☐ If checked, this is a purchase money loan. You may include the name of the seller on the check or draft for this loan.

Signatures

Any person who signs within this enclosure does so to give you a security interest in the property described above, but assumes no personal obligation to pay this note.

Name _____

_____ Date

Signature for Lender, where necessary for filing this security agreement

I agree to the terms of the note and security agreement above (including those on the other side of this forms) and acknowledge receipt of at least one copy on today's date.

COSIGNERS: SEE NOTICE ON REVERSE SIDE BEFORE SIGNING

Whitewater Development Company, Inc.

Signature _____

Signature _____

INTEREST NOTE DISCLOSURE AND SECURITY AGREEMENT

[illegible] SYSTEMS, INC. ST. LOUIS, MO. [illegible]

1ST STORY of Level 1 printed in FULL format.

Copyright 1992 The New York Times Company
The New York Times

March 8, 1992, Sunday, Late Edition - Final

SECTION: Section 1; Part 1; Page 1; Column 4; National Desk

LENGTH: 1785 words

HEADLINE: THE 1992 CAMPAIGN: Personal Finances;
Clintons Joined S.& L. Operator In an Ozark Real-Estate Venture

BYLINE: By JEFF GERTH, Special to The New York Times

DATELINE: WASHINGTON, March 7

BODY:
Bill Clinton and his wife were business partners with the owner of a failing savings and loan association that was subject to state regulation early in his tenure as Governor of Arkansas, records show.

The partnership, a real estate joint venture that was developing land in the Ozarks, involved the Clintons and James B. McDougal, a former Clinton aide turned developer. It started in 1978, and at times money from Mr. McDougal's savings and loan was used to subsidize it. The corporation continues to this day, but does not appear to be active.

Mr. McDougal gave a detailed account of his relationship in several interviews in the last two weeks. This account, along with an examination of related local, state and Federal records and interviews with dozens of others in Arkansas, found the following:

•Available records covering the most active period of the real estate corporation, called Whitewater Development, appear to show that Mr. McDougal heavily subsidized it, insuring that the Clintons were under little financial risk in what turned out to be an unsuccessful enterprise. The corporation bought 200 acres of Ozark Mountain vacation property and planned to sell it in lots. During this period, the Clintons appear to have invested little money, so stood to lose little if the venture failed, but might have cashed in on their 50 percent interest if it had done well.

•The Clintons and Mr. McDougal disagree about what happened to Whitewater's records. Mr. McDougal says that at Mr. Clinton's request they were delivered to the Governor's mansion. The Clintons say many of them have disappeared. Many questions about the enterprise cannot be fully answered without the records.

•After Federal regulators found that Mr. McDougal's savings institution, Madison Guaranty, was insolvent, meaning it faced possible closure by the state, Mr. Clinton appointed a new state securities commissioner, who had been a lawyer in a firm that represented the savings and loan. Mr. Clinton and the commissioner deny giving any preferential treatment. The new commissioner approved two novel proposals to help the savings and loan that were offered by Hillary Clinton, Governor Clinton's wife and a lawyer. She and her firm had been retained to represent the association.

The New York Times, March 8, 1992

*The Clintons improperly deducted at least $5,000 on their personal tax returns in 1984 and 1985 for interest paid on a portion of at least $30,000 in bank loan payments that Whitewater made for them. The deductions saved them about $1,000 in taxes, but since the error was more than three years ago, Internal Revenue Service regulations do not require the Clintons to pay.

The complicated relationship between Mr. McDougal and the Clintons came to light in an investigation by The New York Times of the Clintons' tax records and business relationships. It raises questions of whether a governor should be involved in a business deal with the owner of a business regulated by the state and whether, having done so, the governor's wife through her law firm should be receiving legal fees for work done for the business.

Confusion Is Cited

Asked about these matters, the Clintons retained two lawyers to answer questions. The lawyers said the improper tax deductions were honest errors, made because there was confusion over who really owned a certain piece of Whitewater property and who was responsible for the loan taken out to buy it, Whitewater or the Clintons.

The deed for the land and the loan papers are all in the Clintons' names.

The lawyers said they were not in a position to answer questions about where the money that went into Whitewater came from. But generally, they said they thought neither the Clintons nor Mr. McDougal had profited from the venture. They also said the Clintons were once liable for about $100,000 in bank loans that financed Whitewater's original purchase of land. But the lawyers have only been able to find original documents showing $5,000 that the Clintons paid.

Some questions about the relationship and the Clintons' role in it may be difficult to resolve because of differing accounts and the missing records.

The two lawyers representing the Clintons are Susan P. Thomases, a longtime friend, and Loretta Lynch, a campaign aide, who participated in several hours of interviews at Ms. Thomases' Manhattan offices Thursday and Friday.

Payments on Debt

The records that are available, and Mrs. Thomases' account, show that Whitewater made payments between 1982 and 1985 on Mrs. Clinton's $30,000 real estate debt, reducing the debt by about $16,000 while also paying at least $14,000 in interest. At least one of those checks was signed by Mr. McDougal.

Mrs. Clinton originally borrowed the $30,000 from a bank also controlled by Mr. McDougal, Bank of Kingston, but "Hillary took the loan on behalf of the corporation," Ms. Thomases said. That, she explained, is why Whitewater made the payments.

The Clintons' 1984 and 1985 tax returns show that they took deductions for interest payments of $2,811 and $2,322 that Whitewater had made.

"It clearly is an error," Ms. Thomases said. She noted that the tax returns for those years were prepared by accountants in Arkansas.

The New York Times, March 8, 1992

The Clintons' gross income in 1984, as reported on their tax returns, was about $111,000 and they paid $22,280 in Federal taxes. In 1985, their reported income was about $102,000, and they paid $18,791 in Federal taxes.

Longtime Friendship

Mr. Clinton and Mr. McDougal had been friends since the 1960's. When Mr. Clinton became the nation's youngest Governor at 32 years old, he took Mr. McDougal into his administration as an aide for economic development. It was at about this time that the men formed Whitewater.

A few years later Mr. McDougal, having left government in 1979, bought control of a small savings and loan association, Madison Guaranty, and built it into one of the largest state-chartered associations in Arkansas.

But over time, the savings and loan got in trouble, like many others around the country. Finally Federal regulators took the savings and loan away from Mr. McDougal, and a Federal grand jury charged him with fraud, though he was acquitted. The Clintons were not involved in those proceedings.

Mr. McDougal began having personal problems, too. He was found to be suffering from manic-depressive illness, though he was judged competent to stand trial. In the interviews, Mr. McDougal appeared stable, careful and calm.

A year after the Clintons and McDougals bought the Ozark Mountain property and founded Whitewater Development in 1979, the corporation bought a modular house for about $22,000 and placed it on one of its lots. That lot was then conveyed to Mrs. Clinton, and the deed indicates that she paid nothing for it. Ms. Thomases says this was an error by Whitewater. The deed, she said, should have shown the price and said that Mrs. Clinton paid.

But the house was carried on the books as a Whitewater corporate asset and used as a model house to attract other buyers, according to Whitewater records produced by Ms. Thomases. Because the records are incomplete, it is unclear exactly what happened. But about the same time, Mrs. Clinton personally borrowed $30,000 from Mr. McDougal's bank to pay for the house and the lot.

Ms. Thomases said Mrs. Clinton and the corporation regarded this as a corporate debt, though it was in Mrs. Clinton's name. The corporation included no one but the Clintons and the McDougals. It was this debt that Whitewater made payments on until the end of 1987.

One year after acquiring the property, Mrs. Clinton sold it for $27,500, with payments to be made over time, records show. It is not clear who received the buyer's down payment of $3,000. But Ms. Thomases said it was the corporation that took the loss on its books. A few years later, the buyer went bankrupt and stopped making payments, and then he died.

In 1988 Mrs. Clinton bought back the house from the estate of the buyer. Records show that she paid $8,000 and then resold the property a short time later for about $23,000, after closing costs. The Clintons reported a capital gain that year of $1,640.

Ms. Thomases explained that the capital gain was small because, as part of that transaction, Mrs. Clinton had to pay off Whitewater's remaining $13,000

The New York Times, March 8, 1992

debt on the property, originally incurred by Mrs. Clinton. The payments the previous owner had been making to Whitewater before he went bankrupt had been used to help pay off that debt.

Account Overdrawn

It was during the period when Whitewater was making the Clintons' loan payments that Madison Guaranty was putting money into Whitewater.

For example, Whitewater's check ledger shows that Whitewater's account at Madison was overdrawn in 1984, when the corporation was making payments on the Clintons' loan. Money was deposited to make up the shortage from Madison Marketing, an affiliate of the savings and loan that derived its revenues from the institution, records also show.

It was also in 1984 that Madison started getting into trouble. Federal examiners studied its books that year, found that it was violating Arkansas regulations and determined that correcting the books to adjust improperly inflated profits would "result in an insolvent position," records of the 1984 examination show.

Arkansas regulators received the Federal report later that year, and under state law the securities commissioner was supposed to close any insolvent institution.

As the Governor is free to do at any time, Mr. Clinton appointed a new securities commissioner in January 1985. He chose Beverly Bassett Schaffer, a lawyer in one of the firms that had been representing Madison.

Fund-Raising Ideas

Ms. Thomases, after talking to Mr. Clinton this week, said the Governor chose her because they were friends, and because he wanted to appoint a well qualified woman to an important post.

In interviews, Mrs. Schaffer, now a Fayetteville lawyer, said she did not remember the Federal examination of Madison but added that in her view, the findings were not "definitive proof of insolvency."

In 1985, Mrs. Clinton and her Little Rock law firm, the Rose firm, twice applied to the Securities Commission on behalf of Madison, asking that the savings and loan be allowed to try two novel plans to raise money.

Mrs. Schaffer wrote to Mrs. Clinton and another lawyer at the firm approving the ideas. "I never gave anybody special treatment," she said.

Madison was not able to raise additional capital. And by 1986 Federal regulators, who insured Madison's deposits, took control of the institution and ousted Mr. McDougal. Mrs. Schaffer supported the action.

LANGUAGE: ENGLISH

LOAD-DATE: March 8, 1992

60

grantor/grantee indices and mortgage indices?

A Well, I was asked to meet with Jim McDougal -- one, I was asked to locate him, and then two, I was asked to meet with him.

Q Why were you the person who was asked to locate and then meet Jim McDougal?

A Somebody apparently knew that I had known him for over 30 years. And the purpose that I was -- I was asked to find him and see if he would meet with a lawyer named Jim Lyons from Denver who was working on some of the financial accounting aspects of Whitewater.

Q And were you able to ultimately locate Mr. McDougal?

A I had called his lawyer, who was a lawyer with the name of Sam Heuer, and asked him if he could find McDougal. And I may have also contacted a guy named R.D. Randolph, who was a mutual friend of both McDougal and myself and asked him if he could contact McDougal. And ultimately, as I recall it, I was sitting at a desk or a table in the campaign headquarters and a note was put in front of me that

Memo to File

March 11 (Wed) During the day I had called Sam Heven to ask him if he could find Jim McDougal and see if McDougal would meet with Jim Lyons preferably with Sam present on Friday.

7:00 p.m.-ish I was at Clinton HQ's - A note was placed in front of me that McDougal was waiting to talk with me at Sam Heven's office.

I asked Loretta Lynch if she would go with from HQ's to Sam Heven' office. Sam was waiting outside and took us inside upstairs. McDougal was waiting, sprawled in a chair smoking a cigarette.

I introduced Loretta and pleasantries were exchanged. The atmosphere was such that we did not attempt to take notes.

McDougal and I did most of the talking with some observations from Sam and occasional questions from Loretta.

Roughly the Conversation

We discussed that McDougal and I met when he was 18. We reaffirmed our friendship. I told him what I really wanted was for him to talk to Jim Lyons. He said he wasn't interested in being cross-examined by some high powered lawyer who couldn't think as fast as he could.

I asked him why he had talked to the New York Times reporter. He said he was working for Fulbright and the Senator came to the state that he had learned when the press had something it was better to talk and simply give it all to them.

I asked about the records he had given Gerth. He said it was some stuff that Susan had given him, it was only 8 or 10 check stubs. They were in a shoe box -- hardly anything Gerth had asked him for records and he said this was all he had and handed them over.

He said he wasn't mad at Bill and it was okay by him if he got elected president. He admitted that Susan McDougal and Hillary had their differences.

He said when he was under investigation, indictment and trial if it had been Bill McDougal would have traveling around the state trying to raise defense money.

He said the only that had helped him was Sheffield Nelson -- everyone else took a walk. Sam said Bill helped me a lot; he even helped me prepare the opening statement. McDougal admitted until the trial he was very depressed and non-functional and not any help to Sam until the trial when he got his adrenaline again.

He indicated that Bill could at least call him about the job. He said he didn't need a job and didn't want a job. He indicated that his father -- a manic depressive- who carried them back and forth feast or famine, had left his mother well off and he was

I.MI.0103.

LAW OFFICES OF
PILLSBURY MADISON & SUTRO

SAN FRANCISCO
SAN JOSE
WASHINGTON, D.C.
SAN DIEGO

SUITE 1800
725 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90017
TELEPHONE (213) 488-7100
TELECOPIER (213) 629-1033

ORANGE COUNTY
SACRAMENTO
MENLO PARK
TOKYO

WRITER'S DIRECT DIAL NUMBER

(213) 488-7452

DRAFT
CONFIDENTIAL

May 17, 1994

David E. Kendall, Esq.
Williams & Connolly
725 Twelfth Street, N.W.
Washington, D.C. 20005

Re: Madison Guaranty Savings & Loan - Request for Documents from William J. and Hillary R. Clinton

Dear David:

This letter is in response to our telephone discussion of May 10, 1994, regarding the documents which you have previously produced and our request that you produce documents regarding Whitewater from the inception of the investment which we understand to be 1979 through 1982.

First, I advised you in our telephone conversation that among the documents produced were certain items which appeared to be file folders as to which there were no documents enclosed within the file. Since all of the documents appear to be in numerical sequence with no breaks, this appeared to be strange to us. The file folders in question are the following:

1. "McD Payments 30" Bates stamp no. DKRT100557 (behind this tab are Whitewater tax returns);

2. "Madison Guaranty Payments To" DKRT100549 (behind this tab is 1 page of check stubs with no account number indicated); and

3. "WWDC Jim Blair Flippin Trip" DKRT400105 (file label only).

Second, as I indicated to you in our letter of April 7, 1994, we are interested in investigating as far as we can all of

20578200

S-MG00085

LESLIE A. PATTEN

Employment History

Patten, McCarthy & Associates, Inc.
Denver, Colorado

1/81 to Present - President

Principal in consulting firm which specializes in providing corporate financial planning, analysis, accounting and tax planning advice to financial institutions and other commercial enterprises. Specific services provided include financial projections, tangible and intangible asset valuations for purposes of mergers, acquisitions and divestitures, and analysis of accounting and tax impact of specific financial transactions. Additional services provided include strategic planning, management reviews, market analysis and operational analysis. The firm also provides consultation on banking, financial, accounting and tax matters arising from business litigation and expert witness testimony on such issues as necessary.

Jefferson Bank & Trust and Jefferson Bankshares of Colorado, Inc.
Lakewood, Colorado

1/77 to 12/80 - President and Chief Operating Officer
5/75 to 12/76 - Senior Vice President-Operations

Omaha National Bank
Omaha, Nebraska

11/73 to 5/75 - Vice President and Controller

Associates Financial Services Company, Inc.
South Bend, Indiana

4/73 to 11/73 - Controller, Finance Operations
5/72 to 4/73 - Zone Controller, Northeast Zone

Peat, Marwick, Mitchell & Co.
Chicago, Illinois

7/66 to 11/66 and
12/68 to 5/72 - Certified Public Accountant and Audit Staff

U. S. Army

11/66 to 12/68 - Intelligence Specialist

JAMES M. LYONS
1800 17TH STREET, SUITE 3000
DENVER, COLORADO 80202
(303) 830-8844

March 23, 1992

CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

Governor and Hillary Rodham Clinton
1800 South Center Street
Little Rock, Arkansas 72203

Dear Governor and Mrs. Clinton:

Per your request, I have undertaken a review of the available facts and financial and corporate records associated with the Whitewater Development Company, Inc. ("WDC") for the period 1979 through the present. Assisting in the review was the financial consulting firm of Patten, McCarthy & Associates, Inc. Patten, McCarthy & Associates is an independent firm which has extensive experience in forensic accounting, financial analysis and financial reconstruction of business operations. The analysis of WDC was performed by Leslie Patten and Norris Weese, both of whom are also certified public accountants. Under separate cover they have today sent you a summary of their findings and supporting financial statements.

In 1979, WDC was formed by you with James and Susan McDougal to develop some 200 acres of land in the Ozarks. From the available records, it is clear that at all material times the McDougals or their agents exercised total control over the management and operation of the corporation and its investments. Your interest in this investment was limited to that of a fifty percent shareholder in a corporation. However, there is no evidence that you received annual reports or regular financial summaries from the corporation's management.

Even though you were passive shareholders, you assumed considerable financial responsibility for a corporation whose liabilities exceeded and continue to be greater than its assets. From the beginning of the venture through May, 1991, you invested approximately $70,000 in the corporation, for which you have not received

JML 077

CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

any return other than payments on loans incurred for the benefit of WDC. It is also clear that throughout this investment you faced substantial personal financial risk, including personal liability for corporate loans totaling as much as $230,000. You and the McDougals personally guaranteed these loans and are still joint and several guarantors of WDC's outstanding mortgage indebtedness of approximately $10,400.

Furthermore, at no time since entering into this investment were there any guarantees that you would profit or that your interest would be in any way "carried." The facts confirm that not only was there always the potential that you would lose money, you in fact lost significant sums. As of May 31, 1991, WDC's last fiscal year-end, your interest had a negative value of almost $59,000. This amount approximates your economic loss in this venture.

A review of the available records has also shown that, because of bank statements mailed to you rather than the corporation, you inadvertently claimed $5,133 in interest deductions to which the corporation, not its shareholders, was entitled in 1984 and 1985. Thus, it appears that these two interest deductions in 1984 and 1985 may have been taken in error and a marginal tax benefit of approximately $2,000 may have been realized by you. This, of course, does not take into account applicable tax consequences of your economic loss.

Please do not hesitate to call if you have any questions.

Sincerely,

James M. Lyons

JML:dm

JAMES M. LYONS
1800 17TH STREET, SUITE 3000
DENVER, COLORADO 80202
(303) 628-9848

April 10, 1992

CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION

Express Mail

Governor and Mrs. Bill Clinton
1800 South Center Street
Little Rock, Arkansas 72203

Dear Bill and Hillary:

Enclosed please find the complete report prepared by Patten, McCarthy & Associates concerning Whitewater Development. A summary of this report was previously sent to you and released to the press along with a cover letter from me on March 23, 1992. I have deferred sending this complete report until now to avoid any confusion or possible inadvertent production. The only copies of this report which exist (other than the enclosed original) are in my file and the confidential files of Les Patten.

Please note the enclosed complete report discusses such things as the $9,000 interest deduction taken by you in 1980 (paragraph 4, page 5), lot 13 and borrowings associated with it (paragraph 5, page 5), and the sale of 24 lots in 1985 to Ozark Air for assumption of the mortgage and an airplane (paragraph 6, page 6). None of these items is set out in the summary report which was released to the press. Similarly, the summary report released to the press did not contain Schedule 1, which details loans and advances by the McDougals and the Clintons from 1980-1991. Accordingly, it is my recommendation to you that you maintain the complete report in strictest confidence and do not waive either the attorney/client or accountant/client privilege which attaches to the enclosed report.

Should you wish to discuss this matter further, or anything else related to Whitewater, please feel free to contact me or Les Patten.

Sincerely,

James M. Lyons

JML:dm
cc: Leslie A. Patten

JML 140

JAMES M. LYONS
1800 17TH STREET, SUITE 3000
DENVER, COLORADO 80202
(303) 626-8848

ATTORNEY-CLIENT PRIVILEGED COMMUNICATION

March 22, 1994

By Telefax and Federal Express

David E. Kendall, Esq.
Williams & Connolly
725 12th Street N.W.
Washington, D.C. 20005

Dear Mr. Kendall:

In recent weeks, questions have been raised concerning the $20,744.65 (check #121) invested by the Clintons in the Whitewater venture in 1982. In the analysis done by Patten, McCarthy & Associates in March, 1992 and in the report which I then issued to the Clintons on March 23, 1992, this amount was treated as an investment in Whitewater based on the following:

•Interviews and statements by the Clintons concerning the nature and purpose of this ten year old check;

•The fact that Whitewater debt (other than borrowings by Mrs. Clinton in connection with Lot 13) was known to exist at Madison Bank and Trust; and

•The fact that no personal Clinton debt (other than borrowings associated with Lot 13) was then known to exist at Madison Bank and Trust.

You will recall that the report which was rendered on March 23, 1992 noted that the analysis was limited by then-available facts and incomplete or unavailable records. You have recently provided me with additional information which was not available or known to us in March, 1992. Specifically, you have furnished me with certain bank records from Madison Bank and Trust, a personal checkbook register of the Clintons and documentation (including real estate contracts and deeds) for a house in Hot Springs, Arkansas. According to these records, the President obtained a personal loan from Madison in the amount of $20,000 in 1981 to purchase this house with his late mother, Virginia Dwire. This loan was repaid to Madison Bank and Trust in February, 1982 when

the President sold his interest in the house to his mother and her new husband, Richard Kelley. Additionally, you have informed me that while recently reviewing his late mother's biography, Leading With My Heart (especially at page 239), the President had his memory jogged and remembered this personal loan and purchasing the house with his mother. Accordingly, the investment of the Clintons in Whitewater is overstated by $20,744.65 plus related interest in the amount of $1,500, for a total of $22,244.65. The unreturned investment made by the Clintons in Whitewater through fiscal year-end 1991 should be reduced accordingly to $46,635.75.

Based upon the foregoing, it does not appear that any additional tax liability is owed by the Clintons for 1981 or 1982 in connection with this lake house transaction. The Clintons were entitled to deduct the interest paid as personal interest, and we have been told that no gain was experienced in connection with the sale of this house to Mr. and Mrs. Kelley.

I have reviewed this matter with Leslie A. Patten of the firm of Patten, MacPhee & Associates and am authorized to state that he concurs with the conclusions stated herein based on this new information.

Any other newly discovered information concerning the report which I issued or the analysis performed by Mr. Patten's firm should be brought promptly to our attention.

Sincerely,

James M. Lyons

JML:dm

MEMORANDUM

DATE: November 4, 1993

TO: James M. Lyons, Esq.

FROM: Leslie A. Patten

RE: Whitewater Reconstruction

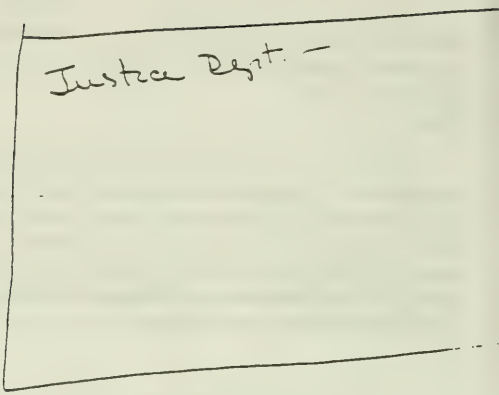
Per our conversation of November 3, 1993, the following summarizes the methodology we utilized in preparing the reconstructed balance sheets and income statements for Whitewater Development Company, Inc.

1. It should be emphasized that our work did not and could not constitute an audit, review, compilation or the application of agreed upon procedures as those terms are understood within the accounting profession. All of those tasks represent attestation to work product prepared by someone else. In this instance, we attempted to reconstruct financial statements from source documents.

2. As we have previously indicated to you, source documentation was not available in many instances and we had to utilize the next best available documentation which was represented by various accountants' workpapers, correspondence and tax returns. However, these too were incomplete. Accordingly, there were many instances in which we used our best judgment as to whether to include or exclude items in the reconstructed financial statements.

3. The financial statements that we reconstructed took into consideration monies paid by the Clintons, the McDougals and others that had not been reflected in the accountant's workpapers or the tax returns. For example, the balance sheets we prepared reflected the notes receivable arising from the resale of the Ozark Air lots. This was done because we reflected the full liability of the underlying mortgage note payable. In addition, the income statements we prepared recognized the full profit on all lot sales when the sales occurred. For income tax reporting, the profits were deferred and reported on the installment method as is permitted by the Internal Revenue Code. Accordingly, there are differences between the financial statements we prepared and the information reflected in the tax returns due to a difference in the basis on which the respective documents were prepared.

In summary, it should be acknowledged that the assigned task was to understand what monies had been invested by the various parties to this business venture, what monies had been received by the parties and whether or not the business venture made any money. Given the limitations imposed by incomplete information, we are of the opinion that the reconstructed financial statements are a reasonable representation of the history of the Whitewater business venture.



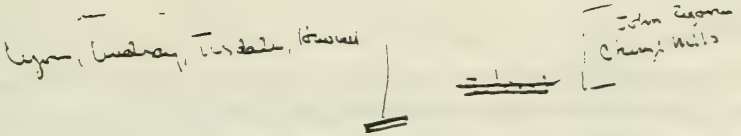
→ Get out of White Water

Redacted

Permit is firm separated

Jim Hamilton
Jim Lyons

DKSN000



Redacted

4. Personal finances
a. Whitewater (Legal and acq. work)

DKSN000482

Jessica

(1) s

Date of Incorp 6/4/74

(2) What was nature of deduction
A. How deduct interest/principal payments to corp.?

(3) Can you ~~deduct~~ use contribution which predated incorporation?

(4) Contribution/advancement of $69,900 to the MSD

(5) Inability to utilize $5000 capital loss

5000 ultimate possession — arbitrary
1000 arbitrary
0 unlikely possibility

IRS insists will gain over investment of regime
we had a loss — zero is arbitrary

[were making payments because MSD were missing]

appears FN

DKSN000514

Reason is 0 - what IRS uses if you don't prove basis

Discussion Points

1. In argument that They were protected against loss

A) A work in connection w/ this study

2. Employer to reduce basis by employer tax benefit

3. Computation of economic loss was based in part on assumptions

whereas computation of tax gain or loss must be determined in audit

DKSN000515

1= options

$1000 basis so no tax effect

but arbitrary & still risks audit

vs

0 basis w/ $1000 gain

avoids any audit risk issue

~~problem~~

In Rick's view no significant

difference in amount of tax

$4000 loss

no loss

$1000 gain

SALTILLO HEIGHTS
A DIVISION OF — ROLLING MANOR, INC.

PURCHASER'S AGREEMENT

THIS AGREEMENT entered into this day between ROLLING MANOR INC., hereinafter called "SELLER", and WILLIAM CLINTON hereinafter called "BUYER" WITNESSETH:

WHEREAS, SELLER is the owner of the following described property situated in Faulkner County, Arkansas, Tract Number 74, Saltillo Heights Estates as reflected by a plat of said subdivision filed with the proper authorities of said county.

WHEREAS, SELLER has this day bargained to sell said property to BUYER upon the terms and conditions hereinafter expressed;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein and the payment of the cash sum hereinafter mentioned, it is mutually agreed as follows:

1. BUYER agrees to pay SELLER for said property the sum of

ELEVEN THOUSAND FOUR HUNDRED ---------- Dollars ($ 11,400.00),

of which BUYER has paid $ 400.00 cash in hand, the receipt of which is hereby acknowledged, and has executed one note of even date herewith in the sum of

$ 11,000.00, appearing on the reverse side hereof, and payable according to the terms therein set forth.

2. BUYER agrees to pay all taxes and assessments due and payable now and hereafter.

3. Time is the essence of this AGREEMENT, and if BUYER defaults in the payment of any installment of principal and interest for a period of 60 days, or fails to pay any taxes, assessments or insurance premiums when due, SELLER, at its option, may either declare the entire debt with interest due and payable, or rescind this AGREEMENT, and in the event of rescission all moneys paid by BUYER shall be taken and retained by SELLER, not as a penalty, but as rent of the property and the relation of the parties thereafter shall be that of landlord and tenant at the rental of $ 150.00 per month, and thereupon SELLER, after notice, may demand possession of the property, and BUYER agrees to surrender immediately peaceable possession. No delay in the exercise of any of the options herein construed as a waiver of such right, but same may be exercised at any subsequent time. Any notices required herein may be made by ordinary mail addressed to BUYER at

OFFICE OF THE ATTORNEY GENERAL, LITTLE ROCK, ARKANSAS

unless SELLER be notified in writing of a subsequent change of address.

4. Upon payment of the entire debt with interest when due, together with all taxes, assessments and insurance premiums due hereafter, SELLER will convey to BUYER the above described property by Warranty Deed and will furnish an Abstract of Title certified to the date of this AGREEMENT showing merchantable title, or furnish Owner's policy of title insurance.

5. It is mutually agreed that no representations whatsoever not incorporated herein shall be binding on either party, and that this AGREEMENT shall not be altered or contradicted hereafter except in writing signed by both parties.

6. This AGREEMENT shall not be sold, transferred or assigned, nor shall said property be leased, without written consent of SELLER, and in the event of any sale, assignment, transfer or lease, without written consent, SELLER shall have the right to exercise the options herein before provided in Paragraph 3. In the event of a said, transfer or assignment of this AGREEMENT with SELLER'S written consent, the assignee or grantee shall succeed to all the rights and liabilities of BUYER, according to the terms of the assignment and consent to be attached hereto.

7. BUYER shall not commit or permit waste; and shall maintain the property in as good condition as at present. Upon any failure so to maintain, SELLER may cause reasonable maintenance work to be performed at the cost of the BUYER.

8. BUYER acknowledges receipt of a copy of The Bill of Assurance covering subject property which by reference is made a part hereof.

9. It is mutually agreed that SELLER retains all mineral rights to subject property.

WITNESS our hands and seals on this 25th day of JANUARY, 19 77

Susan Healey-McCaugh (Seal)
Assistant Secretary
Rolling Manor, Inc.

James H. McDougal (Seal)
President SELLER
Rolling Manor Inc.

(Seal)
BUYER

(Seal)
BUYER

INSTALLMENT NOTE

$ 11,000.00 Little Rock, Arkansas JANUARY 25, 19 77

For value received, I—We promise to pay to the order of ROLLING MANOR, INC

at ARKADELPHIA, ARKANSAS, the sum of ELEVEN THOUSAND---------- DOLLARS

($ 11,000.00) with interest from date until due at the rate of 8 percent per annum and thereafter until paid at the rate of 10 percent per annum,

payable as follows: An installment of DOLLARS ($ 155.51) due and payable on or before the 1st day of APRIL, 19 77 and an installment of ONE HUNDRED FIFTY FIVE AND 51/100---------- DOLLARS

($ 155.51) due and payable on before the 1st day of each succeeding month thereafter until the full amount of interest and principal is paid in full. The installment shall first be applied toward the payment of interest, and next toward the reduction of the principal. This Note is executed in connection with, and is made a part of an Agreement of even date herewith, appearing above to which reference is hereby made, between the same parties hereto, for the sale of the property described therein.

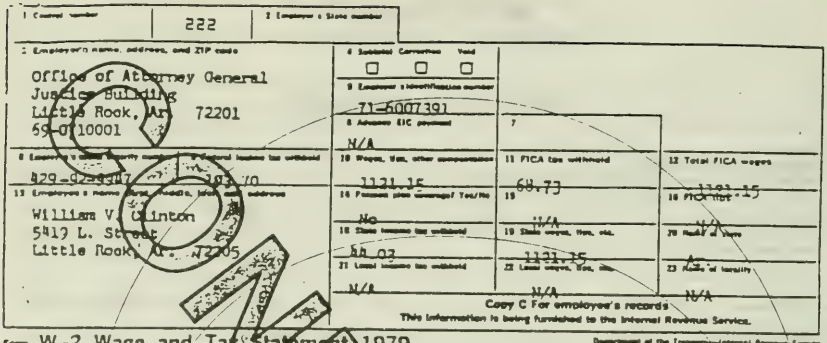
Should default be made in the payment of any installment of principal or interest for a period of 60 days, the entire debt, with interest at the rate of 10 percent per annum until paid, shall become due and payable at the option of the holder hereof. The maker(s) and endorser(s) waive notice, demand and presentment and consent that time for payment may be extended without notice. No delay in the exercise of the option of acceleration shall be construed a waiver of such right, but it may be exercised at any subsequent time during default. Maker(s) shall have the right to pay any multiple of the installment at any installment payment date.

ADDRESS:

BUYER

BUYER

LP 01547



1 Control number	222	2 Employer's State number

3 Employer's name, address, and ZIP code

Office of Attorney General
Justice Building
Little Rock, Ark. 72201
59-0710001

4 Statutory Employee ☐ Retirement Plan ☐ Third-Party Sick Pay ☐

5 Employer's identification number
71-6007391

6 Advance EIC payment
N/A

7

8 Employee's social security number
429-92-9947

9 Federal income tax withheld
101.70

10 Wages, tips, other compensation
1121.15

11 FICA tax withheld
68.73

12 Total FICA wages
1121.15

13 Employee's name (first, middle, last) and address
William V. Clinton
5419 L. Street
Little Rock, Ark. 72205

14 Pension plan coverage? Yes/No
No

15
N/A

16 FICA tips

17 State income tax withheld
AR 03

18 State wages, tips, etc.
1121.15

19 State name
AR

20 Locality name
N/A

21 Local income tax withheld
N/A

22 Local wages, tips, etc.
N/A

23 Name of locality
N/A

Copy C For employee's records
This information is being furnished to the Internal Revenue Service.

Form W-2 Wage and Tax Statement 1979

Department of the Treasury—Internal Revenue Service

CONFIDENTIAL

AGE AND TAX STATEMENT - 1979

1. FED INCOME TAX WITHHELD $ 101.70 2 WAGES, OTHER COMPENSATION $1121.15
3 F.I.C.A. EMP TAX WITHHELD $ 68.73 4 TOTAL F.I.C.A. WAGES $22,900.00
5 WAS EMPLOYEE COVERED BY A QUALIFIED PENSION PLAN YES
6 ADVANCED EARNED INCOME CREDIT PAYMENTS $ .00
7 EXCLUDABLE SICK PAY INCLUDED IN ITEM 2 $ .00
8 ARKANSAS WAGES TIPS ETC. $1121.15
9 ARKANSAS INCOME TAX WITHHELD $ 17.15

EMPLOYER FED. I.C. NO. 71-6020280
EMPLOYER ARK. I.C. NO. 59-0710001-023
OFFICE OF THE GOVERNOR
ADMINISTRATIVE ASSISTANT
STATE CAPITOL
LITTLE ROCK AR 72201

ORIGINAL COPY TO BE FILED WITH EMPLOYEE FEDERAL TAX RETURN, COPY 2 TO BE FILED WITH STATE TAX RETURN, COPY 3 FOR EMPLOYEE RECORDS.

THIS INFORMATION HAS BEEN SENT TO THE INTERNAL REVENUE SERVICE AND THE ARK. REVENUE AGENCY ON MAGNETIC TAPE.

EMPLOYEE S.S.N. 429-92-9947
H CLINTON
X

00000

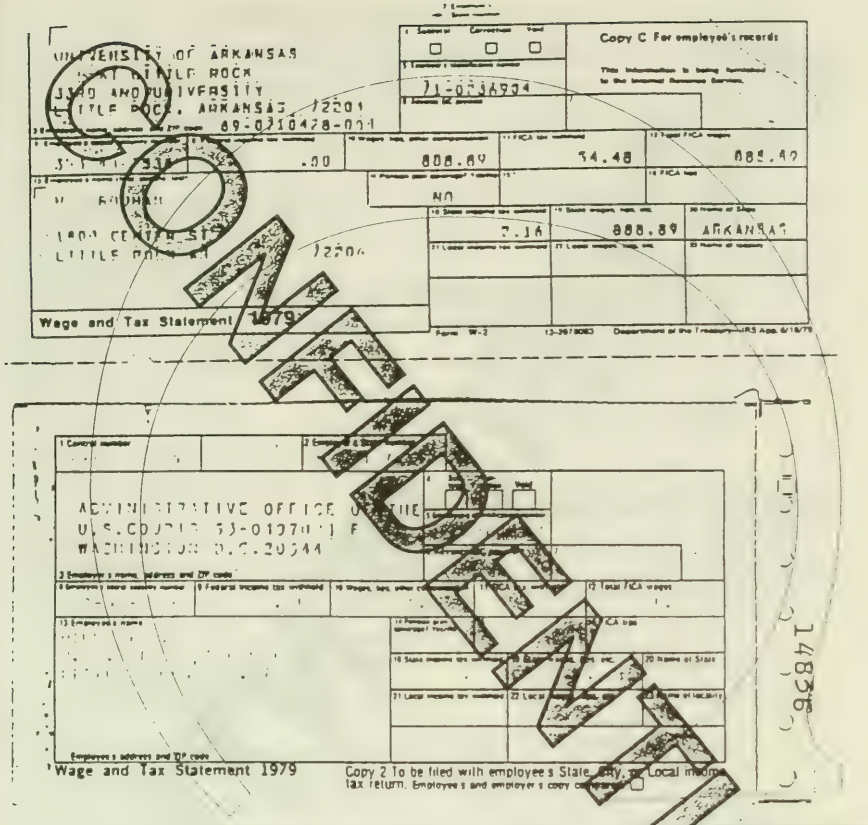
CONFIDENTIAL

DRR7800001

1 Control number	222	2 Employer's State number

3 Employer's name, address, and ZIP code	4 Statutory Employee ☐ Retirement Plan ☐ Third-Party Sick Pay ☐		
Rose, Nash, Williamson, Carroll, Clay & Giroir, A Professional Association 720 West Third Street Little Rock, Arkansas 72201	5 Employer's identification number 71-0438614		
	6 Advance EIC payment	7	
8 Employee's social security number 353-40-2536	9 Federal income tax withheld 7,876.40	10 Wages, tips, other compensation 30,615.60	11 FICA tax withheld 1,403.77	12 Total FICA wages 22,900.00
13 Employee's name (first, middle, last) and address Hillary Rodham 1800 Center Little Rock, AR 72206	14 Pension plan coverage? Yes/No yes	15	16 FICA tips
	17 State income tax withheld 1,992.50	18 State wages, tips, etc. 38,615.60	19 State name Arkansas
	20 Locality name	21 Local income tax withheld	22 Local wages, tips, etc.	23 Name of locality

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



CONFIDENTIAL

CONFIDENTIAL

DKRT80000

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

1979 FEDERAL INDIVIDUAL INCOME TAX RETURN FILING INSTRUCTIONS

FORM 1040 OR 1040 A - 1979 INCOME TAX RETURN

_____ You are due a refund of $_____

_____ Amount credited to your estimate of 1980 federal income tax $_____

_____ Balance to be refunded $_____

_____ No tax is due

_____ ✓ You owe $ 1357.3
Attach a check or money order payable to "Internal Revenue Service." Please write "for 1979 income tax" and your social security number on your check.

The return should be signed, dated and mailed on or before 4/15/80 to:

Internal Revenue Service Center
3651 South Interregional Highway
Austin, Texas 73301

* *

FORM 1040 ES - ESTIMATE OF 1980 FEDERAL INCOME TAX

_____ Based on your 1979 return, estimated payments for 1980 are not needed.

_____ Estimate of 1980 income tax $_____

Less amount credited from your 1979 return $_____

Balance due $_____

Payment schedule:

Voucher #1 - Due April 15, 1980 $_____
Voucher #2 - Due June 16, 1980 $_____
Voucher #3 - Due Sept. 15, 1980 $_____
Voucher #4 - Due Jan. 15, 1981 $_____

The Internal Revenue Service will not send statements of estimates due. Each voucher should be signed, dated and mailed on or before the due date with a check or money order payable to "Internal Revenue Service." Please write "for 1980 estimates" and your social security number on all checks.

Each voucher should be mailed to:

Internal Revenue Service Center
3651 South Interregional Highway
Austin, Texas 73301

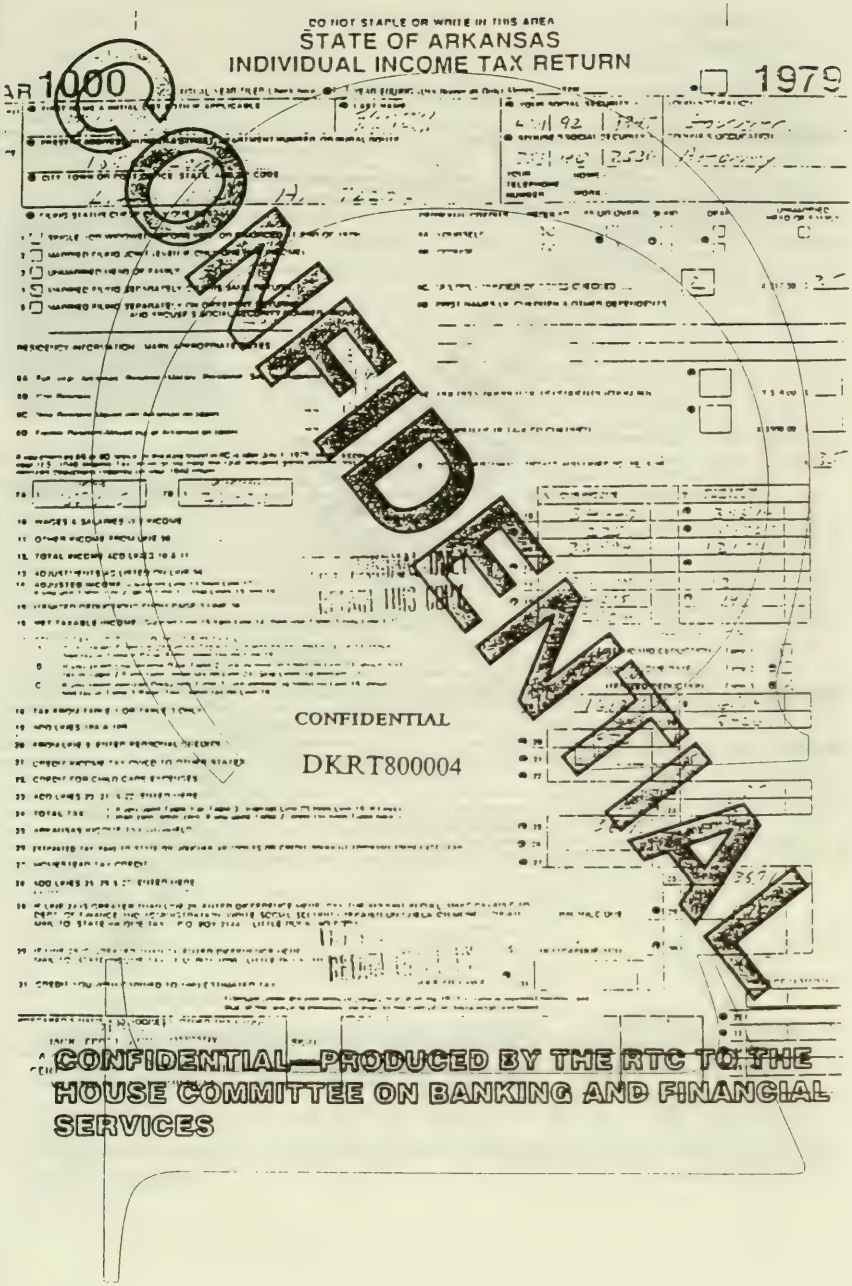
Your estimates of 1980 income taxes are based on your 1979 tax return. Please contact us if your income, deductions or exemptions change and your estimate can be revised, if necessary.

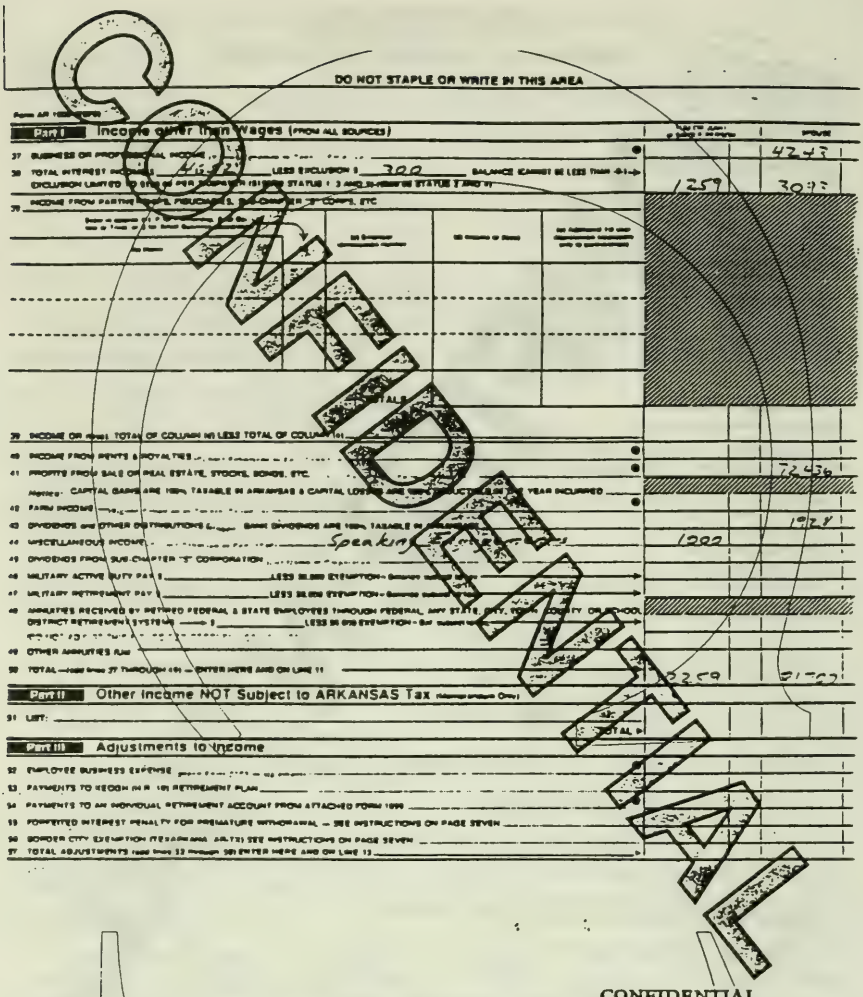
CONFIDENTIAL

CONFIDENTIAL

DKRT800003

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

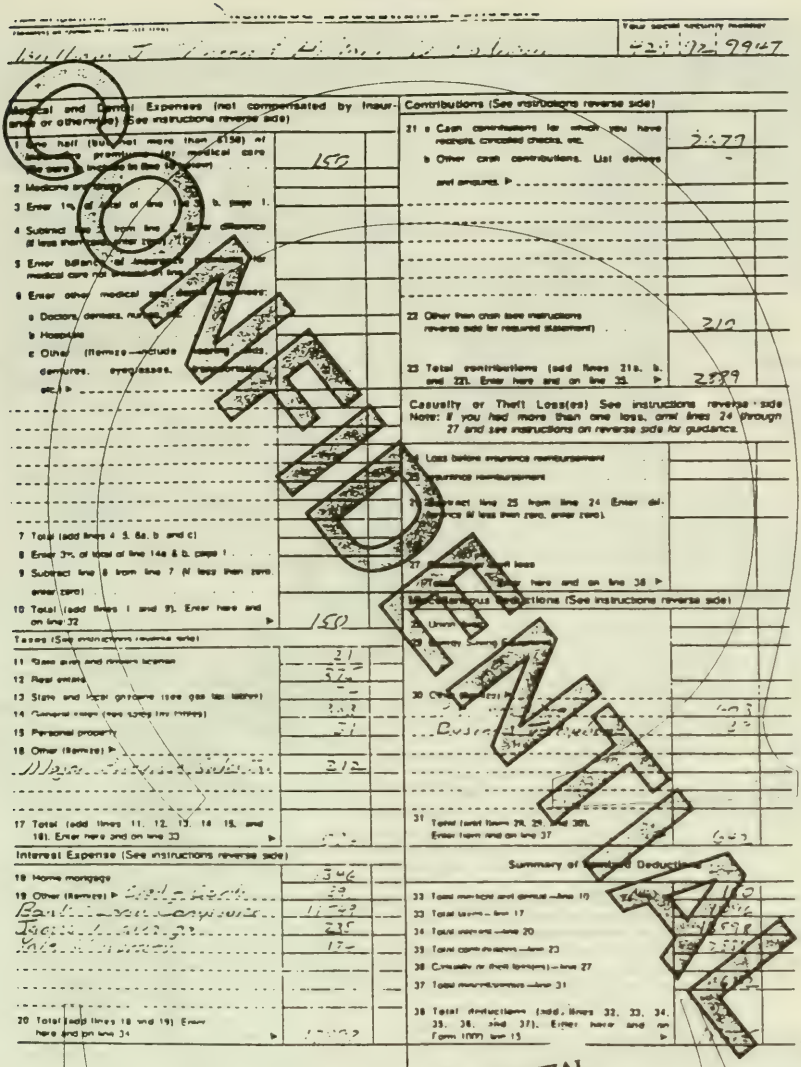

DO NOT STAPLE OR WRITE IN THIS AREA
STATE OF ARKANSAS
INDIVIDUAL INCOME TAX RETURN
1979
CONFIDENTIAL
DKRT800004
CONFIDENTIAL
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE IRS TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

RTC 00004



Medical and Dental Expenses (not compensated by insurance or otherwise) (See instructions reverse side)

1 Enter half (but not more than $150) of insurance premiums for medical care you have included in line 10 below
2 Medicine and drugs
3 Enter 1% of total of line 144 & b, page 1
4 Subtract line 3 from line 2. Enter difference (if less than zero, enter zero)
5 Enter balance of insurance premiums for medical care not included in line 1
6 Enter other medical and dental expenses:
a Doctors, dentists, nurses, etc.
b Hospitals
c Other (Itemize—include hearing aids, dentures, eyeglasses, transportation, etc.)
7 Total (add lines 4, 5, 6a, b, and c)
8 Enter 3% of total of line 144 & b, page 1
9 Subtract line 8 from line 7 (if less than zero, enter zero)
10 Total (add lines 1 and 9). Enter here and on line 32

Taxes (See instructions reverse side)

11 State and local income
12 Real estate
13 State and local general sales (see gas tax below)
14 General sales (see sales tax tables)
15 Personal property
16 Other (Itemize)
17 Total (add lines 11, 12, 13, 14, 15, and 16). Enter here and on line 33

Interest Expense (See instructions reverse side)

18 Home mortgage
19 Other (Itemize)
20 Total (add lines 18 and 19). Enter here and on line 34

Contributions (See instructions reverse side)

21 a Cash contributions for which you have receipts, canceled checks, etc.
b Other cash contributions. List donees and amounts.
22 Other than cash (see instructions reverse side for required statement)
23 Total contributions (add lines 21a, b, and 22). Enter here and on line 35

Casualty or Theft Loss(es) See instructions reverse side
Note: If you had more than one loss, enter lines 24 through 27 and see instructions on reverse side for guidance.

24 Loss before insurance reimbursement
25 Insurance reimbursement
26 Subtract line 25 from line 24. Enter amount (if less than zero, enter zero)
27 Enter casualty or theft loss(es). Enter here and on line 36

Miscellaneous Deductions (See instructions reverse side)

28 Union dues
29 Safety deposit box
30 Other (Itemize)
31 Total (add lines 28, 29, and 30). Enter here and on line 37

Summary of Itemized Deductions

32 Total medical and dental—line 10
33 Total taxes—line 17
34 Total interest—line 20
35 Total contributions—line 23
36 Casualty or theft loss(es)—line 27
37 Total miscellaneous—line 31
38 Total deductions (add lines 32, 33, 34, 35, 36, and 37). Enter here and on Form 1040, line 15

CONFIDENTIAL
RTC-RT800006
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

1040 U.S. Individual Income Tax Return 1979

Department of the Treasury—Internal Revenue Service

For Privacy Act Notice, see page 3 of Instructions. | For the year January 1–December 31, 1979, or other tax year beginning . 1979, ending . 19

Use IRS label. Other wise, please print or type.

Your first name and initial (if joint return, also give spouse's name and initial) Clinton

Last name Rodham

Your social security number 429 92 9947

Present home address (Number and street, including apartment number, or rural route) 1800 Center

Spouse's social security no. 353 40 2536

City, town or post office, State and ZIP code Little Rock Ar 72206

Your occupation ▶ Governor

Spouse's occupation ▶ Attorney

Presidential Election Campaign Fund

Do you want $1 to go to this fund? X Yes ___ No

If joint return, does your spouse want $1 to go to this fund? ___ Yes X No

Note: Checking "Yes" will not increase your tax or reduce your refund.

Filing Status Check only one box.

1 ___ Single

2 X Married filing joint return (even if only one had income)

3 ___ Married filing separate return. Enter spouse's social security number above and full name here ▶

4 ___ Head of household. (See page 7 of Instructions.) If qualifying person is your unmarried child, enter child's name

5 ___ Qualifying widow(er) with dependent child (Year spouse died ▶ 19). (See page 7 of Instructions.)

Exemptions Always check the box labeled Yourself. Check other boxes if they apply.

6a X Yourself 65 or over ___ Blind

b X Spouse 65 or over ___ Blind

Enter number of boxes checked on 6a and b ▶ 2

c First names of your dependent children who lived with you ▶

Enter number of children listed ▶

d Other dependents: (1) Name | (2) Relationship | (3) Number of months lived in your home | (4) Did dependent have income of $1,000 or more? | (5) Did you provide more than one-half of dependent's support?

Enter number of other dependents ▶

Add numbers entered in boxes above ▶ 2

7 Total number of exemptions claimed

Income Please attach Copy B of your Forms W-2 here. If you do not have a W-2, see page 5 of Instructions.

8	Wages, salaries, tips, etc.		8	74234
9	Interest income (attach Schedule B if over $400)	47978	9	4152
10a	Dividends (attach Schedule B if over $400)	Exclusion 0		
b	Subtract line 10b from line 10a		10c	1277
11	State and local income tax refunds (does not apply unless refund is for year you itemized deductions—see page 10 of Instructions)		11	
12	Alimony received		12	
13	Business income or (loss) (attach Schedule C)		13	4203
14	Capital gain or (loss) (attach Schedule D)		14	-3-56
15	Taxable part of capital gain distributions not reported on Schedule D (see page 10 of Instructions)		15	
16	Supplemental gains or (losses) (attach Form 4797)		16	
17	Fully taxable pensions and annuities not reported on Schedule E		17	
18	Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E)		18	
19	Farm income or (loss) (attach Schedule F)		19	
20a	Unemployment compensation. Total amount received		20a	
b	Taxable part, if any, from worksheet on page 10 of Instructions		20b	
21	Other income (state nature and source—see page 10 of Instructions) ▶ Speaking Engagement		21	1000
22	Total income. Add amounts in column for lines 8 through 21		22	15775

Please attach check or money order here.

Adjustments to Income

23	Moving expense (attach Form 3903 or 3903F)	23		
24	Employee business expenses (attach Form 2106)	24		
25	Payments to an IRA (see page 11 of Instructions)	25		
26	Payments to a Keogh (H.R. 10) retirement plan	26		
27	Interest penalty on early withdrawal of savings	27		
28	Alimony paid (see page 11 of Instructions)	28		
29	Disability income exclusion (attach Form 2440)	29		
30	Total adjustments. Add lines 23 through 29		30	

Adjusted Gross Income

31 Adjusted gross income. Subtract line 30 from line 22. If this line is less than $10,000, see page 2 of Instructions. If you want IRS to figure your tax, see page 4 of Instructions ▶ 31 15775

COPY
FILE ORIGINAL ONLY
RETAIN THIS COPY
CONFIDENTIAL
DRT800007
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Form 1040 (1979) Page 2

Tax Computation (Check if Form 4726 is attached)	32 Amount from line 31 (adjusted gross income)	32	158495
	33 If you do not itemize deductions, enter zero. If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 41. Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here ▶ ☐ and see page 12 of the instructions. Also see page 12 of the instructions if: • You are married filing a separate return and your spouse itemizes deductions, OR • You file Form 4563, OR • You are a dual-status alien.	33	20033
	34 Subtract line 33 from line 32. Use the amount on line 34 to find your tax from the Tax Tables, or to figure your tax on Schedule TC, Part I. Use Schedule TC, Part I, and the Tax Rate Schedules ONLY if: • Line 34 is more than $20,000 ($40,000 if your FILING Status Box 2 or 5), OR • You claimed more exemptions than are shown in the Tax Table for your filing status, OR • You use Schedule G to figure your tax. Otherwise, you MUST use the Tax Tables to find your tax.	34	138462
	35 Tax. Enter tax here and check if from ☐ Tax Tables or ☒ Schedule TC	35	57655
	36 Additional taxes. (See page 13 of instructions.) Enter here and check if from ☐ Form 4970, ☐ Form 5072, ☐ Form 5544, ☐ Form 5405, or ☐ Section 72(m)(5) penalty tax	36	
	37 Total. Add lines 35 and 36 ▶	37	57655
Credits	38 Credit for contributions to candidates for public office	38	63
	39 Credit for the elderly (attach Schedule R&RP)	39	
	40 Credit for child and dependent care expenses (Form 2441)	40	
	41 Investment credit (attach Form 3468)	41	264
	42 Foreign tax credit (attach Form 1116)	42	
	43 Work incentive (WIN) credit (attach Form 4874)	43	
	44 Jobs credit (attach Form 5884)	44	
	45 Residential energy credits (attach Form 5695)	45	
	46 Total credits. Add lines 38 through 45	46	267
	47 Balance. Subtract line 46 from line 37 and enter difference (but not less than zero) ▶	47	57388
Other Taxes (Including Advance EIC Payments)	48 Self-employment tax (attach Schedule SE)	48	
	49a Minimum tax. Attach Form 4625 and check if ☐	49a	
	49b Alternative minimum tax. Attach Form 6251 and check if ☐	49b	
	50 Tax from recomputing prior-year investment credit (attach Form 4255)	50	
	51a Social security (FICA) tax on tip income not reported to employer (attach Form 4137)	51a	
	51b Uncollected employee FICA and RRTA tax on tips (from Form W-2)	51b	
	52 Tax on an IRA (attach Form 5329)	52	
	53 Advance earned income credit payments received (from Form W-2)	53	
	54 Total. Add lines 47 through 53 ▶	54	57388
Payments Attach Forms W-2, W-2G, and W-2P to front.	55 Total Federal income tax withheld	55	57388
	56 1979 estimated tax payments and credit from 1978 return	56	
	57 Earned income credit. If line 32 is under $10,000, see page 2 of instructions	57	
	58 Amount paid with Form 4868	58	
	59 Excess FICA and RRTA tax withheld (two or more employers)	59	
	60 Credit for Federal tax on special fuels and oils (attach Form 4136 or 4136-T)	60	
	61 Regulated investment Company credit (attach Form 2439)	61	
	62 Total. Add lines 55 through 61	62	57388
Refund or Balance Due	63 If line 62 is larger than line 54, enter amount OVERPAID	63	
	64 Amount of line 63 to be REFUNDED TO YOU	64	
	65 Amount of line 63 to be credited on 1980 estimated tax ▶ 65		
	66 If line 54 is larger than line 62, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number on check or money order ▶ (Check ▶ ☒ if Form 2210 (2210F) is attached. See page 15 of instructions.) ▶ $ 158		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ▷ Date ▷ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

Paid Preparer's Use Only

Preparer's signature and date ▷ 1/4/80 Check if self-employed ▶ ☐ Preparer's social security no. 429 84 4041

Firm's name (or yours if self-employed) ▷ JACK FROST AND COMPANY CERTIFIED PUBLIC ACCOUNTANTS E.I. No. ▶

CONFIDENTIAL — PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT800008 CONFIDENTIAL

Schedules A&B—Itemized Deductions AND Interest and Dividend Income

(Form 1040)

1979

Department of the Treasury — Internal Revenue Service

▶ Attach to Form 1040. ▶ See Instructions for Schedules A and B (Form 1040).

08

Name(s) as shown on Form 1040

William J. Clinton & Hillary D. Rodham

Your social security number

429 92 9947

Schedule A—Itemized Deductions (Schedule B is on back)

Medical and Dental Expenses (not paid or reimbursed by insurance or otherwise) (See page 16 of Instructions.)

1	One-half (but not more than $150) of insurance premiums you paid for medical care. (Be sure to enter in line 10 below.) ▶	150
2	Medicine and drugs	
3	Enter 1% of Form 1040, line 31	
4	Subtract line 3 from line 2. If line 3 is more than line 2, enter zero	
5	Balance of insurance premiums for medical care not entered on line 1	
6	Other medical and dental expenses: a Doctors, dentists, nurses, etc.	
	b Hospitals	
	c Other (itemize—include hearing aids, dentures, eyeglasses, transportation, etc.) ▶	
7	Total (add lines 4 through 6c)	
8	Enter 3% of Form 1040, line 31	
9	Subtract line 8 from line 7. If line 8 is more than line 7, enter zero	
10	Total medical and dental expenses (add lines 1 and 9). Enter here and on line 33 ▶	150

Taxes (See page 16 of Instructions.)

Note: Gasoline taxes are no longer deductible.

11	State and local income	4853
12	Real estate	3375
13	General sales (see sales tax tables)	353
14	Personal property	31
15	Other (itemize) ▶	
	Clarke Purchase Sales Tax	212
16	Total taxes (add lines 11 through 15). Enter here and on line 34 ▶	5554

Interest Expense (See page 17 of Instructions.)

17	Home mortgage	1346
18	Credit and charge cards	391
19	Other (itemize) ▶	
	Bank of Ozarks Commercial	11700
	Travel & Entertainment	225
	Various Companies	174
20	Total interest expense (add lines 17 through 19). Enter here and on line 35 ▶	13836

Contributions (See page 17 of Instructions.)

21	a Cash contributions for which you have receipts, cancelled checks, or other written evidence	2679
	b Other cash contributions (show to whom you gave and how much you gave) ▶	
22	Other than cash (see page 17 of Instructions for required statement)	210
23	Carryover from prior years	
24	Total contributions (add lines 21a through 23). Enter here and on line 36 ▶	2889

Casualty and Theft Loss(es) (See page 18 of Instructions.)

25	Loss before insurance reimbursement	
26	Insurance reimbursement	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter zero	
28	Enter $100 or amount from line 27, whichever is smaller	
29	Total casualty or theft loss(es) (subtract line 28 from line 27). Enter here and on line 37 ▶	

Miscellaneous Deductions (See page 18 of Instructions.)

30	Union dues	
31	Other (itemize) ▶	
	Business Meals	203
	Subscriptions	39
32	Total miscellaneous deductions (add lines 30 and 31). Enter here and on line 38 ▶	642

1979 Summary of Itemized Deductions (See page 19 of Instructions.)

33	Total medical and dental—from line 10	150
34	Total taxes—from line 16	5554
35	Total interest—from line 20	13836
36	Total contributions—from line 24	2889
37	Total casualty or theft loss(es)—from line 29	
38	Total miscellaneous—from line 32	642
39	Add lines 33 through 38	23071
40	If you checked Form 1040, Filing Status box: 2 or 5, enter $3,400; 1 or 4, enter $2,300; 3, enter $1,700	3400
41	Subtract line 40 from line 39. Enter here and on Form 1040, line 33. (If line 40 is more than line 39, see the instructions for line 33 of Form 1040.)	19671

CONFIDENTIAL

DKRT800009

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Schedule A&B (Form 1040) 1979 — **Schedule B—Interest and Dividend Income** — Page

Name(s) as shown on Form 1040 (Do not enter name and social security number if shown on other side) — Your social security number

William J Clinton & Hillary D Rodham — 429 92 9944

Part I Interest Income

1 If you received more than $400 in interest, complete Part I and Part III. Please see page 9 of the instructions to find out what interest to report. Then answer the questions in Part III, below. If you received interest as a nominee for another, or you received or paid accrued interest on securities transferred between interest payment dates, please see page 18 of the instructions.

(See page 18 of the instructions) Name of payer	Amount
W- Little Rock Bank	1407
J- Worthen Bank	17
W- Metropolitan Life	29
W- Fidelity Bond	30
J- Union Nat'l Bank	255
W- Heritage Fed. S&L	235
J- Miscellaneous	2454

2 Total interest income. Enter here and on Form 1040, line 9 4652

Part II Dividend Income

3 If you received more than $400 in gross dividends (including capital gain distributions) and other distributions on stock complete Part II and Part III. Please see page 9 of the instructions. Write (H), (W), or (J), for stock held by husband, wife or jointly. Then answer the questions in Part III, below. If you received dividends as a nominee for another, please see page 19 of the instructions.

Name of payer	Amount
W- Couch Equity Fund	1928

4 Total of line 3 1928

5 Capital gain distributions. Enter here and on the appropriate line(s) of Schedule D. See Note below 1928

6 Nontaxable distributions . . . . . [illegible]

7 Total (add lines 5 and 6) . . . . . [illegible]

8 Dividends before exclusion (subtract line 7 from line 4). Enter here and on Form 1040, line 10a 1928

Note: If your capital gain distributions for the year do not exceed $400 and you do not need Schedule D to report any gains or losses, do not file the Schedule. Instead, enter the taxable part of your capital gain distributions on Form 1040, line 15.

Part III Foreign Accounts and Foreign Trusts

If you are required to list interest in Part I or dividends in Part II, OR if you had a foreign account or were a grantor of or a transferor to a foreign trust, you must answer both questions in Part III. Please see page 19 of the instructions.

	Yes	No
A At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see page 19 of instructions)?		X
B Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		X

CONFIDENTIAL
DRRT800010
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Form 2210 — Department of the Treasury, Internal Revenue Service

Underpayment of Estimated Tax by Individuals

▶ Attach to Form 1040. ▶ See instructions on back.

1979

Name(s) as shown on Form 1040: William T. Clinton & Hillary D. Rodham

Social security number: 429 72 5947

Part I How to Figure Your Underpayment (Complete lines 1 through 17)

If you filed any of the exceptions to the underpayment penalty for ALL four periods, skip lines 1 through 17 and go directly to line 18.

1 1979 tax (from Form 1040, line 54)					57385
2 Earned income credit (from Form 1040, line 57)					
3 Tax credit for special fuels and oils (from Form 1040, line 60)					
4 Minimum tax (from Form 1040, line 49a)					
5 Alternative minimum tax (from Form 1040, line 49b)					
6 Social security (FICA) tax on unreported tip income (from Form 1040, line 51a)					
7 Uncollected employee FICA and RRTA tax on tips (from Form 1040, line 51b)					
8 Tax on an IRA (from Form 5329, Part I or II included on Form 1040, line 52)					
9 Refundable business energy credit (from Schedule B (Form 3468) included on Form 1040, line 62)					
10 Total (add lines 2 through 9)					
11 Balance (subtract line 10 from line 1)					57385
12 Enter 80% of the amount shown on line 11					45908

	Payment Due Dates			
	(a) Apr. 15, 1979	(b) June 15, 1979	(c) Sept. 15, 1979	(d) Jan. 15, 1980
13 Divide amount on line 12 by the number of payments required for the year. Enter the result in appropriate columns	11477	11477	11477	11477
14 Amounts paid on estimated tax and tax withheld	3982	3982	3982	34074
15 Overpayment (on line 17) from previous period				-
16 Total (add lines 14 and 15)	3982	3982	3982	34074
17 Underpayment (subtract line 16 from line 13) OR Overpayment (subtract line 13 from line 16)	7495	7495	7495	-0-

Part II Exceptions to the Penalty (Farmers and fishermen, see instruction A for special exception)

18 Total amount paid and withheld from January 1 through the payment due date shown	9982	17922	11948	45770
	25% of 1978 tax	50% of 1978 tax	75% of 1978 tax	100% of 1978 tax
19 Exception 1.—1978 tax ▶ $				
20 Exception 2.—Tax on 1978 income using 1979 rates and exemptions (attach computation)	Enter 25% of tax	Enter 50% of tax	Enter 75% of tax	Enter 100% of tax
21 Exception 3.—Tax on annualized 1979 income (see worksheet on back)	Enter 20% of tax	Enter 40% of tax	Enter 60% of tax	Not applicable
22 Exception 4.—Tax on 1979 income over 3, 5, and 8-month periods (attach computation)	Enter 90% of tax 1756	Enter 90% of tax 8317	Enter 90% of tax	

Part III How to Figure the Penalty (Complete lines 23 through 27)

23 Amount of underpayment (from line 17)	—		7895	—
24 Date of payment			1-10-80	
25 (a) Number of days after due date of payment to and including date of payment or January 31, 1980, whichever is earlier			108	
(b) Number of days from and including February 1, 1980, to and including date of payment or April 15, 1980, whichever is earlier			53	
26 (a) 6 percent a year on the amount shown on line 23 for the number of days shown on line 25(a)			130	
(b) 12 percent a year on the amount shown on line 25(b)				
27 Penalty (add amounts on lines 26(a) and (b)). Check the box below line 66 on Form 1040 and show this amount in the space provided. If you owe tax on line 66, include the penalty amount in with your total payment. If you are due a refund, we will subtract the penalty amount from the amount on line 63.				158

CONFIDENTIAL

Form 2210 (1979)

CONFIDENTIAL—PRODUCED BY THE IRS TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Instructions

A. Purpose of Form.—If you are an individual taxpayer, other than a qualified farmer or fisherman, use this form to find out if you paid enough income tax, self-employment tax during the year by withholding or estimated tax payments. If you did not pay enough, you may have to pay a penalty on the amount of your underpayment.

Farmers and Fishermen.—If you meet the following tests, you will not have to pay a penalty for underpayment of estimated Tax.

(1) Your gross income from farming and fishing is at least two-thirds of your annual gross income for 1978 or 1979.

(2) You filed Form 1040 and paid the tax by March 3, 1980.

If you meet both these tests, write "Line 1, Exempt, farmer/fisherman" on line 1 and the rest of this form.

If you meet the test in (1) above but not test (2), use Form 2210F, Underpayment of Estimated Tax by Farmers and Fishermen, to find out if you owe a penalty.

Fiscal Year Taxpayers.—Please contact your IRS for more information about the penalty for underpayment of estimated tax.

For more information about paying your tax on a current basis, please get Publication 505, Tax Withholding and Estimated Tax. You can get it at any IRS office.

B. How To Use This Form.—In general, you should follow instructions (1) through (3) below to complete this form. However, if you can meet any of the exceptions for all four payment periods, skip Part II and go directly to Part III.

(1) Complete Part I to find out if you have an underpayment for any of the four payment periods.

(2) If you have an underpayment on line 17 (column a, b, c, or d), go to Part II. Exceptions to the Penalty.

(3) If you cannot meet any of the exceptions for a payment period, go to Part III. How to Figure the Penalty.

C. How To Figure Your Underpayment.—Complete lines 1 through 17 in Part I. The instructions for most of these lines are on the form itself. Follow the instructions below for lines 14 and 15.

- **Line 14.**—You may treat the amount of income tax and any excess FICA/RRTA tax withheld in 1979 as if it were paid in equal amounts on each of your required payment dates.
- **Line 15.**—Enter any overpayment shown on line 17 that is more than all earlier underpayments.

If you made more than one payment during any payment period, attach a sheet showing your computations. If you filed your return and paid the balance due by January 31, 1980, you may consider the balance paid as of January 15, 1980.

D. Exceptions to the Penalty.—You will not have to pay a penalty if your 1979 tax payments (line 11, line 18) are equal to or more than any one of the four exceptions (line 19, 20, 21, or 22) for the same payment period (column a, b, c, or d).

Note: The percentages shown on lines 19, 20, and 21 for payment periods April 15, June 15, and Sept. 15 are for calendar year taxpayers required to pay on April 15, June 15, Sept. 15, and Jan. 15. If you are a calendar year taxpayer required to pay on these four dates, please contact the IRS for more information.

The four exceptions to the penalty are:

- **Exception 1. 1978 Tax.**—This exception applies if your 1979 tax payments equal or exceed the tax shown on your 1978 tax return (including self employment tax but excluding any minimum tax). The 1978 return must cover a 12-month period and show a tax liability.
- **Exception 2. Tax on 1978 Income Using 1979 Rates and Exemptions.**—This exception applies if your 1979 withholding and estimated tax payments equal or exceed the tax due on your 1978 income using 1979 rates (including self-employment tax but excluding any minimum tax). You must use the personal exemptions allowed for 1979 but use the other facts and law applicable to your 1978 return.
- **Exception 3. Tax on Annualized 1979 Income.**—This exception applies if your 1979 tax payments equal or exceed 80 percent of the tax (excluding any minimum tax) on your annualized income for periods (from January 1, 1979 to March 31, May 31, or August 31, 1979. To figure this exception, complete the worksheet below.

Example: If line 8 of the Exception 3 Worksheet is $1,000 for the 3/31/79 period, and your withheld tax and estimated tax (Part II, line 18) for the same period was at least $200, then you would not owe a penalty (even if line 17, Part I shows an underpayment).

- **Exception 4. Tax on 1979 Income Over Periods of 3, 5, and 8 Months.**—This exception applies if your 1979 tax payments equal or exceed 90 percent of the tax (excluding self employment tax but excluding any minimum tax) on your actual income from Jan. 1, 1979 to March 31, May 31, or Aug. 31, 1979. Follow instructions (1) and (2) to figure the exception.

(1) Figure your actual income from Jan. 1, 1979 to the end of March, May, or August.

(2) Figure your tax on each amount as though it was the entire 1979 income.

Note: If you received FICA wages and self employment income, figure your self-employment tax for each period but no more than $22,900 reduced by your wages for that period

Exception 3 Worksheet

To annualize your adjusted itemized deductions, follow the computation below.

Actual amount × { 4 (if period ended March 31, 1979 . . .
2.4 (if period ended May 31, 1979 . . .
1.5 for period ended August 31, 1979 . . . } = Annualized amount.

If you do not itemize deductions, figure your annualized adjusted gross income using the computation above. Enter the amount on line 4. Skip lines 1 through 3. Complete the rest of the worksheet.

	3/31/79	5/31/79	8/31/79
1 Figure your annualized itemized deductions for period(s) shown			
2 Enter the zero bracket amount for your filing status: $3,400 if married filing jointly (or widow or widower) $2,300 if single or head of household $1,700 if married filing separately			
3 a If line 1 is more than line 2, subtract line 2 from line 1			
b If line 2 is more than line 1, subtract line 1 from line 2			
4 If you have an amount on: Line 3a, subtract line 3a from . . . Line 3b, add line 3b to . . . annualized adjusted gross income			
5 Tax Table users—Skip to line 6. Tax Rate Schedule users—Multiply $1,000 by the number of personal exemptions and subtract the total from line 4			
6 Tax Table users—Find your tax on the amount on line 4 Tax Rate Schedule users—Figure your tax on the amount on line 5			
7 Enter your self employment tax from worksheet below			
8 Total tax (add lines 6 and 7). Enter here and applicable percentage of the tax on line 21, Part II			

Self-Employment Tax Worksheet

	3/31/79	5/31/79	8/31/79
1 Actual self employment income			
2 a Limit	22,900.00	22,900.00	22,900.00
b Actual wages subject to FICA tax			
c Annualization amounts	4	2.4	1.5
d Multiply line 2b by line 2c			
e Subtract line 2d from line 2a			
3 Multiply line 1 or line 2e, whichever is smaller, by .081			

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE IRS TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

(231)

Form 3468 — Computation of Investment Credit — 1979

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

22

Name(s) as shown on tax return

William J. Clinton & Hillary D. Rodham

Identifying number as shown on page 1 of your tax return

429-92-0947

Check the applicable box(es) below to elect the provisions of the specified code section(s):

A The corporation elects the basic or basic and matching ESOP percentage under section 48(n)(1) . . . . . ☐

B I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6) . . . . . ☐

C I elect to increase my qualified investment under section 46(d) by all qualified progress expenditures made in the tax year and all prior years . . . . . ☐

1 Use the format below to list your qualified investment in new or used property acquired or constructed and placed in service during the tax year. Also list (a) qualified progress expenditures made during the tax year and certain prior tax years and (b) qualified rehabilitation expenditures for the year. See the instructions for line 1(a) through 1(j).

If you are claiming energy investment credit on certain ships, check this block ▶ ☐. See instruction K for details.

Note: Include your share of investment in property made by a partnership, estate, trust, small business corporation, or lessor.

Type of property			(1) Useful life or recovery years	(2) Cost or basis (See instruction G)	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
New property		(a)	3 or more but less than 5		33⅓	
		(b)	5 or more but less than 7		66⅔	
		(c)	7 or more	2043	100	2043
Commuter highway vehicle		(d)	3 or more		100	
Qualified progress expenditures	1974 through 1978	(e)	7 or more		20	
	1979	(f)	7 or more		100	
Used property (See instructions for dollar limits)		(g)	3 or more but less than 5		33⅓	
		(h)	5 or more but less than 7		66⅔	
		(i)	7 or more		100	
Commuter highway vehicle		(j)	3 or more		100	

2	Qualified investment—Add lines 1(a) through (j) (see instruction M for special limits)	2043
3	10% of line 2	204
4	7% (4% for public utility property) of certain property (see instruction G)	
5	Corporations electing the basic or basic and matching ESOP percentage for contributions to ESOPs—Check election box A above (see instruction I and instruction for line 5)	
	(a) Basic 1% credit—Enter 1% of line 2	
	(b) Matching credit (not more than 0.5%)—Enter allowable percentage of adjusted line 2 (attach schedule)	
6	Patron's regular investment credit—Enter credit allocated from cooperative	
7	Total—Add lines 3 through 6	
8	Carryover of unused credit(s)	
9	Carryback of unused credit(s)	
10	Tentative regular investment credit—Add lines 7, 8, and 9	204

Tax Liability Limitations

11	(a) Individuals—Enter amount from Form 1040, line 37, page 2	
	(b) Estates and trusts—Enter amount from Form 1041, line 27, page 1	
	(c) Corporations—Enter amount from Schedule J (Form 1120), line 3, page 3	
12	(a) Credit for the elderly (individuals only)	
	(b) Foreign tax credit	
	(c) Tax on lump sum distribution from Form 4972 or Form 5544	
	(d) Possessions corporation tax credit (corporations only)	
	(e) Section 72(m)(5) penalty tax (individuals only)	
13	Total—Add lines 12(a) through (e)	
14	Subtract line 13 from line 11	1655
15	(a) Enter smaller of line 14 or $25,000. See instruction M for special limits. (Married persons filing separately, controlled corporate groups, estates, and trusts, see instruction for line 15)	2000
	(b) If line 14 is more than line 15(a) and you are a 1979 calendar year taxpayer, enter 60% of the excess (if your tax year ends in 1980, enter 70% of the excess). (Public utilities, railroads, and airlines, see instruction J.)	3707
16	Regular investment credit limitation—Add lines 15(a) and (b)	5707

CONFIDENTIAL
DRRT800019
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

(232)

Form 3468 (1978) Page 2

17 Allowed regular investment credit—Enter smaller of line 10 or line 16 204

Note: If line 10 exceeds line 16, the excess is an unused regular investment credit. See instruction F.

18 Nonrefundable business energy investment credit limitation—Subtract line 17 from line 14 59451

19 Enter nonrefundable business energy investment credit from line 8 of Schedule B (Form 3468) . . .

20 Allowed nonrefundable business energy investment credit—Enter smaller of line 18 or line 19 . . . .

Note: If line 19 exceeds line 18, the excess is an unused nonrefundable business energy investment credit. See instruction E.

21 Total allowed regular investment credit and nonrefundable business energy investment credit—Add lines 17 and 20. Enter here and on Form 1040, page 1; Schedule J (Form 1120), line 4(b), page 3; or the appropriate line on other returns 204

Schedule AS If any part of your investment in line 1 or 4 above was made by a partnership, estate, trust, small business corporation, or lessor, complete the following statement to identify property qualifying for the 7% or 10% investment credit.

Name (Partnership, estate, trust, etc.)	Address	Date acquired	Property		Life years
			New	Used	
			$	$	

(If property is disposed of prior to the life years used in figuring the investment credit, see instruction E.)

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Schedule C (Form 1040) 1979 — Page 2

SCHEDULE C-1.—Cost of Goods Sold and/or Operations (See Schedule C Instructions for Part I, line 2)

1 Inventory at beginning of year (If different from last year's closing inventory, attach explanation)		1	
2 a Purchases	2a		
b Cost of items withdrawn for personal use	2b		
c Balance (subtract line 2b from line 2a)		2c	
3 Cost of labor (do not include salary paid to yourself)		3	
4 Materials and supplies		4	
5 Other costs (attach schedule)		5	
6 Add lines 1, 2c, and 3 through 5		6	
7 Inventory at end of year		7	
8 Cost of goods sold and/or operations (subtract line 7 from line 6). Enter here and on Part I, line 2 ▶		8	

SCHEDULE C-2.—Depreciation (See Schedule C Instructions for line 13)
If you need more space, please use Form 4562.

Description of property (a)	Date acquired (b)	Cost or other basis (c)	Depreciation allowed or allowable in prior years (d)	Method of computing depreciation (e)	Life or rate (f)	Depreciation for this year (g)
1 Total additional first year depreciation (do not include in items below)					▶	409
2 Other depreciation:						
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify)						
Books	6/79	7		DDB	7	7
Desk	✓	116		✓	✓	128
Shelves	✓	120		✓	✓	14
Sofa	✓			✓	✓	86
3 Totals		2947			3	644
4 Depreciation claimed in Schedule C-1					4	
5 Balance (subtract line 4 from line 3). Enter here and on Part II, line 13					5	

SCHEDULE C-3.—Expense Account Information (See Schedule C Instructions for Schedule C-3)

Enter information for yourself and your five highest paid employees. In determining the five highest paid employees, add expense account allowances to the salaries and wages. However, you don't have to provide the information for any employee for whom the combined amount is less than $25,000, or for yourself if your expense account allowance plus line 34, page 1 is less than $25,000.

Name (a)	Expense account (b)	Salaries and wages (c)
Owner		
1		
2		
3		
4		
5		

Did you claim a deduction for expenses connected with:

A Entertainment facility (boat, resort, ranch, etc.)? . . . . . Yes / No

B Living accommodations (except employees on business)? . . . . . Yes / No

C Conventions or meetings you or your employees attended outside the U.S. or its possessions? (See instructions) . . . . . Yes / No

D Employees' families at conventions or meetings? . . . . . Yes / No

If "Yes," were any of these conventions or meetings outside the U.S. or its possessions? . . . . . Yes / No

E Cruise ships or foreign ships . . . . . Yes / No

☆ U.S. GOVERNMENT PRINTING OFFICE: 1979—O 277-344 SW 50-000-1116

CONFIDENTIAL

DKRT00012

CONFIDENTIAL — PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

SCHEDULE D (Form 1040)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

(Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jewelry.)

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040.)

1979

12

Name(s) as shown on Form 1040

William J. Quinn & Hillary D. Rodham

Your social security number

429 92 0947

Caution: Columns f and g are not the same as last year. Most other lines have also been changed.

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

D

a. Kind of property and description (Example, 100 shares 7% preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price (see instructions page 25)	e. Cost or other basis, as adjusted (see instructions page 25)	f. LOSS If column (d) is less than (e) subtract (e) from (d)	g. GAIN If column (d) is more than (e) enter (d) minus (e)
1 Commodity - PORK BELLIES	1979	1979				72996
✓ PRIME	1979	1979			560	
2 Enter your share of net short-term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78					2	
3 Add lines 1 and 2 in column f and column g					3 562	72996
4 Combine line 3, column f and line 3, column g and enter the net gain or (loss)					4	72436
5 Short-term capital loss carryover from years beginning after 1969					5	( )
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.						
6 Net gain or (loss), combine lines 4 and 5					6	72436
7 Enter your share of net short-term gain or (loss) from transactions entered into by partnerships and fiduciaries before 11/1/78					7	
8 Net short-term gain or (loss), combine lines 6 and 7					8	72436

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

9						
10 Enter your share of net long-term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78					10	
11 Add lines 9 and 10 in column f and column g					11	
12 Combine line 11, column f and line 11, column g and enter the net gain or (loss)					12	
13 Capital gain distributions from transactions entered into after 10/31/78					13	
14 Enter gain, if applicable, from Form 4797, line 6(a)(1) from transactions entered into after 10/31/78					14	
15 Enter your share of net long-term gain from transactions entered into by small business corporations (Subchapter S) after 10/31/78					15	
16 Combine lines 12 through 15					16	
17 Long-term capital loss carryover from years beginning after 1969					17	( )
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.						
18 Net gain or (loss), combine lines 16 and 17					18	
19 Enter your share of capital gain distributions and net long-term gain or (loss) from transactions entered into by partnerships, fiduciaries, small business corporations, real estate investment trusts, and regulated investment companies before 11/1/78					19	
20 Net long-term gain or (loss), combine lines 18 and 19					20	

Note: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III or V. See Form 4798 instead.

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL DKRT 5001

Schedule D (Form 1040) 1979 Page 2

Part III Summary of Parts I and II

21 Combine lines 8 and 20, and enter the net gain or (loss) here. *Note: Do not complete line 22 if lines 20 and 21 show a gain, and there is a net gain on line 7 or 19. Instead, complete Part IV.*	21	72436
22 If line 20 shows a gain and: a Enter 50% of line 20 or 60% of line 21, whichever is smaller. Enter zero if there is a loss or no entry on line 20	22a	
b Subtract line 22a from line 21. Enter here and on Form 1040, line 14	22b	72436
23 If line 21 shows a loss and: a Enter one of the following amounts: (i) If line 8 is zero or a net gain, enter 50% of line 21, (ii) If line 20 is zero or a net gain, enter line 21; or, (iii) If line 8 and line 20 are net losses, enter amount on line 8 added to 50% of the amount on line 20	23a	
b Enter here and enter as a loss on Form 1040, line 14, the smallest of: (i) The amount on line 23a, (ii) $3,000 ($1,500 if married and filing a separate return); or, (iii) Taxable income, as adjusted	23b	

Note: If the loss on line 23a is greater than the loss shown on line 23b, complete Part V to determine post 1969 capital loss carryovers from 1979 to 1980.

Part IV Computation of Capital Gain Deduction for Sales or Exchanges Before 11/1/78

24 Enter the smaller of line 20 or line 21 (or Form 4798, lines 8 and 9)	24	
25 If line 18 (or Form 4798, line 5) is a gain, enter the smaller of line 18 (or Form 4798, lines 1 and 5), and enter here. If this line or line 18 (or Form 4798, line 5) shows a loss or zero, skip to line 29 and enter zero on line 27	25	
26 Enter smaller of line 18 (or Form 4798, line 5) or line 25	26	
27 Enter smaller of line 24 or line 26	27	
28 Enter 60% of amount on line 27	28	
29 Subtract line 27 from line 24	29	
30 Enter 50% of amount on line 29	30	
31 Add line 28 and line 30. This is your capital gain deduction	31	
32 Subtract line 31 from line 21 (or Form 4798, line 9). Enter here and on Form 1040, line 14	32	

Part V Computation of Post-1969 Capital Loss Carryovers From 1979 to 1980
(Complete this part if the loss on line 23a is more than the loss shown on line 23b)

Section A.—Short term Capital Loss Carryover

33 Enter loss shown on line 8; if none, enter zero and skip lines 34 through 38, then go to line 39	33	
34 Enter gain shown on line 20. If that line is blank or shows a loss, enter zero	34	
35 Reduce any loss on line 33 to the extent of any gain on line 34	35	
36 Enter amount shown on line 23b	36	
37 Enter smaller of line 35 or 36	37	
38 Subtract line 37 from line 35	38	

Note: The amount on line 38 is the part of your short term capital loss carryover from 1979 to 1980 that is from years beginning after 1969

Section B.—Long term Capital Loss Carryover

39 Subtract line 37 from line 36 (Note: *If you skipped lines 34 through 38, enter amount from line 23b*)	39	
40 Enter loss from line 20. If none, enter zero and skip lines 41 through 44	40	
41 Enter gain shown on line 8. If that line is blank or shows a loss, enter zero	41	
42 Reduce any loss on line 40 to the extent of any gain on line 41	42	
43 Multiply amount on line 39 by 2	43	
44 Subtract line 43 from line 42	44	

Note: The amount on line 44 is the part of your long term capital loss carryover from 1979 to 1980 that is from years beginning after 1969

U.S. GOVERNMENT PRINTING OFFICE: 1979 O - 283-283 (Rev. 4-80)

CONFIDENTIAL - PRODUCED BY IRS TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT800014

SCHEDULE TC (Form 1040)

Department of the Treasury
Internal Revenue Service

Tax Computation Schedule

► Attach to Form 1040.

1979

Name(s) as shown on Form 1040

J. Edgar & Hilma Dahlgren

Your social security number

478-92-9007

Part I Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34, is more than $20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040.
- Your income on Form 1040, line 34, is more than $40,000 and you checked Filing Status Box 2 or 5 on Form 1040.
- You had more exemptions than were shown in the Tax Table for your filing status.
- You figure your tax using Schedule G (Income Averaging) or Form 4726 (Maximum Tax on Personal Service Income).

1 Enter the amount from Form 1040, line 34	1	138462
2 Multiply $1,000 by the total number of exemptions claimed on Form 1040, line 7	2	2000
3 Taxable income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the other methods listed in line 4.)	3	136462
4 Income tax. Enter tax and check if from: ☐ Tax Rate Schedule X, Y, or Z. ☒ Schedule G, or ☐ Form 4726. Also enter on Form 1040, line 35	4	59655

Part II Computation for Certain Taxpayers Who MUST Itemize Deductions

If you are included in one of the groups below, you MUST itemize. If you must itemize and the amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

A. You can be claimed as a dependent on your parents' return and had interest, dividends, or other unearned income of $1,000 or more and had earned income of less than $2,300 if single (less than $1,700 if married filing a separate return)

Note: If your earned income is more than your itemized deductions, you don't have to file Schedule A. Just enter your earned income on Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Otherwise, your earned income is the total of any amounts on Form 1040, lines 31, 33, and 19. See page 12 of the instructions for Form 1040 for more details.

B. You are married filing a separate return and your spouse itemizes deductions. (There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and enters earned income instead of itemized deductions on Part II, line 3, of this schedule. If this is the case, don't complete Part II. Go back to Form 1040, line 33, and enter $0. Then go to Form 1040, line 34.)

C. You file Form 4563 to exclude income from sources in U.S. possessions. (Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

D. You had dual status as a nonresident alien for part of 1979, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you don't have to itemize if at the end of 1979, you were married to a U.S. resident or citizen and file a joint return reporting your combined worldwide income.

1 Enter the amount from Form 1040, line 31	1	
2 If you checked Form 1040, Filing Status Box: [2 or 5, enter $3,400; 1 or 4, enter $2,300; 3, enter $1,700]	2	
3 Enter the amount from Schedule A, line 39	3	

Caution: *If you can be claimed as a dependent on your parents' return, see the Note above. Be sure you check the box below line 33 of Form 1040.*

4 Subtract line 3 from line 2	4	
5 Add lines 1 and 4. Enter here and on Form 1040, line 34 (Leave Form 1040, line 33 blank. Disregard the instruction to subtract line 33 from line 32. Follow the rest of the instructions for Form 1040, line 34.)	5	

The example below may help you to complete Part II

Example—Walter Green, a single individual, is claimed as a dependent on his parents' return. Walter's adjusted gross income, Form 1040, line 31, is $4,000. Of this amount, $1,500 was earned income from a summer job and $2,500 was unearned income that he received as a beneficiary of a trust. Because Walter is being claimed as a dependent on his parents' return and has unearned income of $1,000 or more and earned income of less than $2,300, he must use Part II of Schedule TC. Walter knows that his total itemized deductions are only $500. Since this is less than his earned income ($1,500), he does not have to complete Schedule A. Walter enters $2,300, the zero bracket amount for a single individual, on line 2 of Part II and his earned income on line 3. He completes Part II as shown below and enters the total of $4,800 on Form 1040, line 34. He then figures his tax using the Tax Tables as explained in the instructions for lines 34 and 35 on page 12.

1 Adjusted gross income	$4,000
2 Zero bracket amount for a single individual	$2,300
3 Earned income	1,500
4 Subtract line 3 from line 2. Enter here	800
5 Add lines 1 and 4. Enter here and on Form 1040, line 34	$4,800

Note: If Walter's itemized deductions were more than his earned income, he must complete Schedule A first.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1979—O-283-397 (Rev. 10-79)

CONFIDENTIAL

DKRT8000/6

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

(Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jewelry.)

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).

1980
15

Name(s) as shown on Form 1040 | Your social security number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

D

a. Kind of property and description (Example, 100 shares 7% preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price (see instructions page 21)	e. Cost or other basis, as adjusted (see instructions page 21)	f. LOSS If column (e) is more than (d) subtract (d) from (e)	g. GAIN If column (d) is more than (e) subtract (e) from (d)
1 COMMODITIES					449	
SEE SCH ATTACHED						130
2 Gain from sale or exchange of a principal residence held one year or less, from Form 2119, lines 7 or 11				2		
3 Enter your share of net short-term gain or (loss) from partnerships and fiduciaries				3		
4 Add lines 1, 2 and 3 in column f and column g				4	449	130
5 Combine line 4, column f and line 4, column g and enter the net gain or (loss)					5	(319)
6 Short-term capital loss carryover from years beginning after 1969					6	( )
7 Net short-term gain or (loss), combine lines 5 and 6					7	(319)

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

8						
SEE SCHEDULE ATTACHED					158	
INSIDE SALE						
1) 325 X 42.8%						144
9 Gain from sale or exchange of a principal residence held more than one year, from Form 2119, lines 7, 11, or 18				9		
10 Enter your share of net long-term gain or (loss) from partnerships and fiduciaries				10		
11 Add lines 8, 9 and 10 in column f and column g				11	158	144
12 Combine line 11, column f and line 11, column g and enter the net gain or (loss)					12	(14)
13 Capital gain distributions					13	
14 Enter gain, if applicable, from Form 4797, line 5(a)(1)					14	
15 Enter your share of net long-term gain from small business corporations (Subchapter S)					15	
16 Combine lines 12 through 15					16	(14)
17 Long-term capital loss carryover from years beginning after 1969					17	( )
18 Net long-term gain or (loss), combine lines 16 and 17					18	(14)

Note: If you have capital loss carryovers from years beginning before 1970, do not complete rest of form. See Form 4798 instead. Otherwise, complete this form on reverse.

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
OMB No. 3209-0001

Reporting Status (Check Appropriate Boxes)	☐ Incumbent	Calendar Year Covered by Report: N/A	☒ New Entrant, Nominee, or Candidate	Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year): 10/3/91	☐ Termination Filer	Termination Date (If Applicable) (Month, Day, Year):	Agency Use Only

Reporting Individual's Name	Last Name: Clinton	First Name and Middle Initial: William J.	OGE Use Only
Position for Which Filing	Title of Position: Presidential Candidate	Department or Agency (If Applicable): N/A	
Location of Present Office (or forwarding address)	Address (Number, Street, City, State, and ZIP Code): 917 West 7th, Little Rock, Arkansas 72202	Telephone No. (Include Area Code): (501) 372-1992	
Positions(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Dates(s) Held: N/A		
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: N/A	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☐ No	

Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Signature of Reporting Individual	Date (Month, Day, Year)
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Officer's Opinion: The information contained in this report discloses no conflicts of interest under applicable laws and regulations	Signature of Designated Agency Ethics Officer Reviewing Officer	Date (Month, Day, Year)
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

133-00000518

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing

Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a $200 fee

Reporting Periods

Incumbents. The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A - The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing

Schedule B - Not applicable

Schedule C, Part I (Liabilities) The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing

Schedule C, Part II (Agreements or Arrangements) Show any agreements or arrangements as of the date of filing

Schedule D The reporting period is the preceding two calendar years and the current calendar year up to the date of filing

1389

Standard Form 278 (Rev. 1/91)

278-101

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 2

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 3

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		4

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		5

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SF 278 (Rev. 1-91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 6

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 7

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SP 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 8

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)												
								Type						Amount						
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000	Actual Amount Only if "Other" specified	Date (Mo. Day, Yr.) Only if Honoraria
S Central Airlines Common																										
DC Ex Dow Jones & Smith, Hometown, USA																										
JT Kempstone Equity Fund																										
J Dow Jones & Smith pension plan																										
A DC NYNEX-Common		X															X									
B DC Bell Atlantic-Common		X							X								X									
C DC Bell South-Common		X							X								X									
D DC Twin City Bank Savings Certificate & Savings Acct. North Little Rock, AR			X							X								X								
E S OKC Limited Partnership Dallas, Texas	X								X								X									
F S Rose Law Firm Profit Sharing Plan				X						X									X							

Previous Editions Cannot Be Used

133-00000525

1396

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE A

Page Number: 9

Assets and Income (BLOCK A)	Valuation of Assets at close of reporting period (BLOCK B)							Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C)																		Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
								Type							Amount												
Identify each asset held for the production of income which had a fair market value exceeding $1,000 at the close of the reporting period. Identify each asset or source of income which generated over $200 in income during the reporting period. None ☐	(J) None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Other (Specify Type)	(A) None (or less than $201)	(B) $201 - $1,000	(C) $1,001 - $2,500	(D) $2,501 - $5,000	(E) $5,001 - $15,000	(F) $15,001 - $50,000	(G) $50,001 - $100,000	(H1) $100,001 - $1,000,000	(H2) Over $1,000,000		
5. IDC Ex empt	Central Airlines Common			-																						
	Dow Jones & Smith, Hometown, USA																									
	Kemptone Equity Fund																									
	Dow Jones & Smith pension plan																									
1 S	North Little Rock Murray Lock and Dam Bond		X													X										
2 S	Courtland Municipal Money Market Fund			X														X								
3 S	Liz Claiborne, Inc. Common			X					X								X									
4 S	TCBY Enterprises, Inc. - Common		X						X						Director's Fees	D									N/A	
5 S	Wal-Mart Stores, Inc. - Common				X				X						Director's Fees		D								N/A	
6 S	GT Pacific Growth Fund		X						X			X				CG D										

133-00000526

Previous Editions Cannot Be Used

1397

SF 278 (Rev. 1/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE A	Page Number
William J. Clinton		10

| Assets and Income (BLOCK A) | Valuation of Assets at close of reporting period (BLOCK B) | | | | | | | Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. (BLOCK C) | | | | | | |

SF 278 (Rev. 6/91)
5 CFR Part 2634
U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE B	New Entrant/Nominee/Candidate: Schedule Not Applicable	Page Number
William J. Clinton		X	11

Part I: Transactions

None ☐

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

ID No.	Identification of Asset	Transaction Type (a) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (e) $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,001 - $5,000,000	etc.	$1,000,000	Certificate of divestiture
Example	Central Airlines Common	x			2/1/91			x							
1															
2															
3															
4															
5															

Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food or entertainment received from one source totaling $250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of $75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

None ☐

ID No.	Source (Name and Address)	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors NY, NY	Airline ticket, hotel room & meals incident to national conference 6/18/90	$xxx
	Nat'l Assn. of Rock Collectors NY, NY	Leather briefcase for retiring president	$150
1			
2			
3			
4			
5			

1399

Reporting Individual's Name: William J. Clinton

SCHEDULE C

Page Number: 12

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [X]

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value: $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,001 - Over $1 Million
DC	Examples: First District Bank, Washington, DC	Mortgage on rental property, Delaware	1981	12%	25 yrs.			X				
	John Jones, 123 J St., Washington, DC	Promissory note	1989	10%	on demand					X		
2												
3												
4												
5												

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence; continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/91 and retained pension benefits (independently managed, fully funded, defined contribution plan)	Doe Jones & Smith, Hometown, USA	7/85
1	Retained pension benefit in defined benefit plan, fully funded, administered by the Arkansas Public Employees Retirement System's Board of Trustees.	Arkansas Public Employees Retirement System, Little Rock, AR	1/77
2			
3			
4			
5			

1400

Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 13

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo. Yr.)	To (Mo. Yr.)
Examples	Nat'l Assn. of Black Collectors, NY, NY	Non-profit education	President	6/82	Present
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	1965	1991
1	State of Arkansas	Public Service	Governor	1/79 1/83	1/81 Present
2	Lower Mississippi Delta Development Commission	Non-Profit Economic Development	Chairman	10/88	5/90
3	National Governor's Association Task Force on Health Care	Non-Profit	Chairman	7/90	8/91
4	National Assn. of State Boards of Education Task Force on School Readiness	Non-Profit Education	Chairman	3/91	Present
5	National Governor's Association Committee on Human Resources	Non-Profit	Member	7/90	Present
6	National Governor's Association Economic Development Committee	Non-Profit	Member	7/90	Present

Part II: Compensation In Excess Of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent/Termination Filer ☐
Candidate Not Applicable ☐

None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Steve University (client of Doe Jones & Smith), Hometown, USA	Legal services in connection with university construction
1		
2		
3		
4		
5		

1401

U.S. Office of Government Ethics

Reporting Individual's Name: William J. Clinton

SCHEDULE D

Page Number: 14

Part I: Positions Held Outside U.S. Government - Continued

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/82	Present
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/65	11/81
7	National Governor's Association Executive Committee	Non-Profit	Member	8/86	10/92
X 8	National Governor's Association Finance Committee	Non-Profit	Member	8/86	8/92
9					
10					
11					
12					

Part II: Compensation In Excess Of $5,000 Paid by One Source

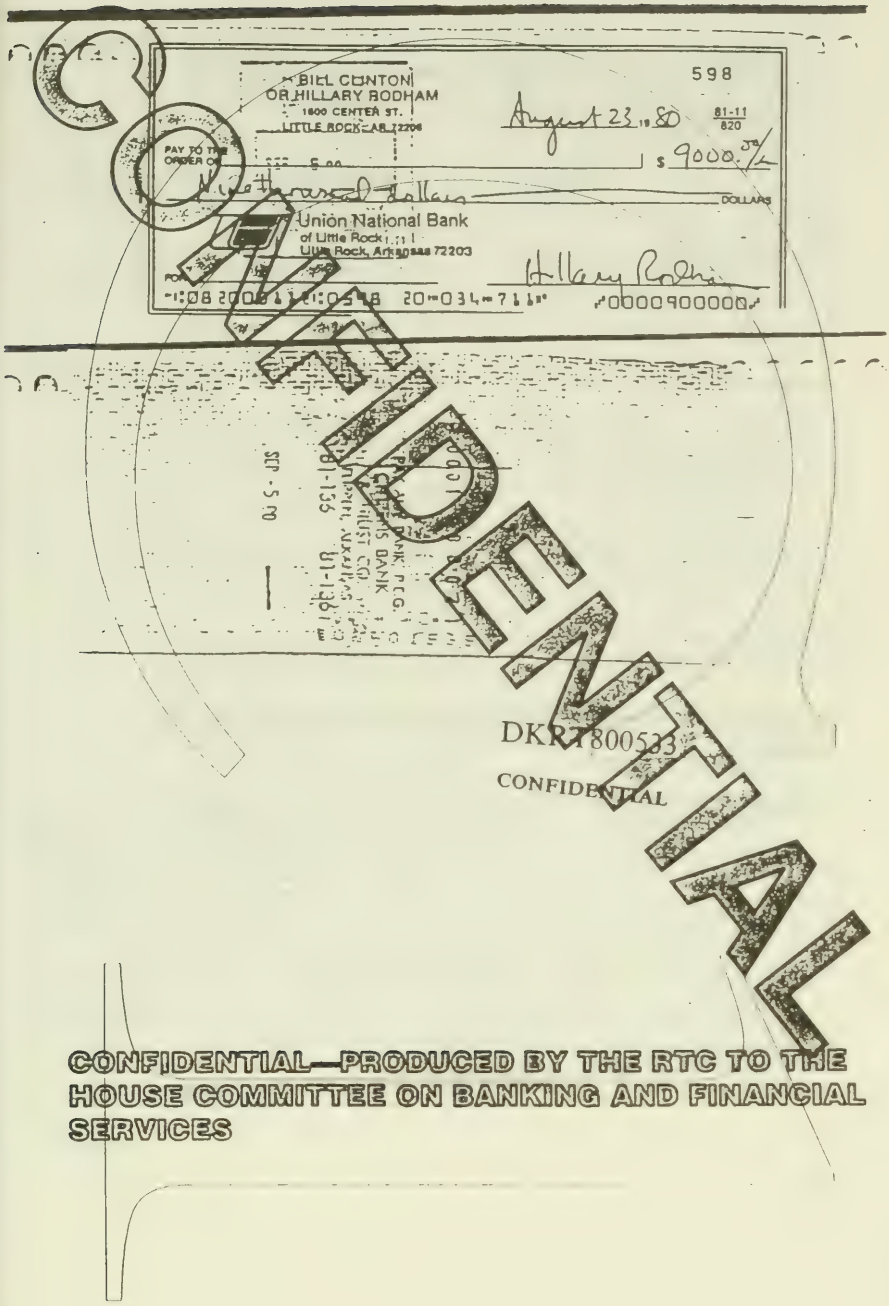
Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise or any non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Incumbent Termination Filer ☐
Candidate Not Applicable ☐
None ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Magna University (client of Doe Jones & Smith), Moneytown, USA	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

133-00000531

1402



CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

WAGE AND TAX STATEMENT - 1980

1 FED INCOME TAX WITHHELD $ 6,066.80 2 WAGES, OTHER COMPENSATION $34,995.50
3 F.I.C.A. EMP TAX WITHHELD $ 1,587.67 4 TOTAL F.I.C.A. WAGES $25,900.00
5 STAT. EMPLOYEE ( ) DECEASED ( ) PENSION PLAN ( ) LEGAL REP ( )
942 EMP ( ) SUB-TOTAL ( ) CORRECTION ( ) VOID ( )
6 ADVANCED EARNED INCOME CREDIT PAYMENTS $ .00
7 EXCLUDABLE SICK PAY INCLUDED IN ITEM 2 $ .00
8 ARKANSAS WAGES TIPS ETC. $34,995.50
9 ARKANSAS INCOME TAX WITHHELD $ 1,727.44

EMPLOYER FED. I.D. NO. 71-6020080
EMPLOYER ARK. I.D. NO. 84-0710001-02
GOVERNORS OFFICE
PAYROLL ACCOUNTING
- C BOX 2483
LITTLE ROCK AR 72203

ORIGINAL COPY TO BE FILED WITH EMPLOYEE FEDERAL TAX RETURN, COPY 2 TO BE FILED WITH STATE TAX RETURN, COPY 3 FOR EMPLOYEE RECORDS.
THIS INFORMATION HAS BEEN SENT TO THE SOCIAL SECURITY ADMIN., INTERNAL REVENUE SERVICE AND THE ARK. REVENUE DEPARTMENT ON MAGNETIC TAPE.

EMPLOYEE S.S.A. 429-52-9947
E CLINTON
X

COCOC

---

1 Control number 22222

2 Employer's name, address and ZIP code
Rose Law Firm
A Professional Association
720 West Third Street
Little Rock, AR 72201

3 Employer's identification number 71-0438614
4 Employer's State number 71-0438614
5 Statutory employee / Decedent / Pension plan / Legal rep. / 942 emp. / Sub-total / Void / Co. use only / W-2 copy
6
7 Advance EIC payment

8 Employee's social security number 353-40-2536
9 Federal income tax withheld 9,483.00
10 Wages, tips, other compensation 46,227.10
11 FICA tax withheld 1,587.67

12 Employee's name, address and ZIP code
Hillary Rodham

816 Midland
Little Rock, AR 72205

13 FICA wages 25,900.00
14 FICA tips
15 Employee's use
17 State income tax 2,519.30
18 State wages, tips, etc. 46,227.10
19 Name of State ARK
20 Local income tax
21 Local wages, tips, etc.
22 Name of locality

Form W-2 Wage and Tax Statement 1980 Copy B To be filed with employee's FEDERAL tax return. This information is being furnished to the Internal Revenue Service. Department of the Treasury Internal Revenue Service

---

1 Control number

2 Employer's name, address and ZIP code
UNIVERSITY OF ARKANSAS
AT LITTLE ROCK
33RD AND UNIVERSITY
LITTLE ROCK, ARKANSAS 72204

3 Employer's identification number 71-6020080
4 Employer's State number 84-0710001-02
5 Statutory employee / Decedent / Pension plan / Legal rep. / 942 emp. / Sub-total / Void / Co. use only / W-2 copy
6
7 Advance EIC payment

8 Employee's social security number 353-40-2536
9 Federal income tax withheld 0.00
10 Wages, tips, other compensation [illegible]
11 FICA tax withheld [illegible]

12 Employee's name, address and ZIP code
H RODHAM

3ROD CENTER
LITTLE ROCK AR 72201

13 FICA wages [illegible]
14 FICA tips
15 Employee's use
17 State income tax [illegible]
18 State wages, tips, etc. [illegible]
19 Name of State ARKANSAS
20 Local income tax
21 Local wages, tips, etc.
22 Name of locality

Form W-2 Wage and Tax Statement 1980 Copy B To be filed with employee's FEDERAL tax return. This information is being furnished to the Internal Revenue Service. Department of the Treasury Internal Revenue Service

LP 00673

1 Control number 22222

2 Employer's name, address and ZIP code
Rose Law Firm
A Professional Association
720 West Third Street
Little Rock, AR 72201

3 Employer's identification number 71-0438614
4 Employer's State number 71-0438614
5 Statutory employee / Deceased / Pension plan / Legal rep. / 942 emp. / Subtotal / Correction / Void
6
7 Advance EIC payment

8 Employee's social security number 353-40-2536
9 Federal income tax withheld 9,483.00
10 Wages, tips, other compensation 46,227.10
11 FICA tax withheld 1,587.67

12 Employee's name, address, and ZIP code
Hillary Rodham

8l6 Midland
Little Rock, AR 72205

13 FICA wages 25,900.00
14 FICA tips
15 Employer's use
17 State income tax 2,519.50
18 State wages, tips, etc. 46,227.10
19 Name of State ARK
20 Local income tax
21 Local wages, tips, etc.
22 Name of locality

Form W-2 Wage and Tax Statement 1980 — Copy B To be filed with employee's FEDERAL tax return. This information is being furnished to the Internal Revenue Service. — Department of the Treasury Internal Revenue Service

---

1 Control number

2 Employer's name address and ZIP code
UNIVERSITY OF ARKANSAS
AT LITTLE ROCK
33RD AND UNIVERSITY
LITTLE ROCK, ARKANSAS 72204

3 Employer's identification number 71-023-6904
4 Employer's State number 69-071428-00
5 Statutory employee / Deceased / Pension plan / Legal rep. / 942 emp. / Subtotal / Correction / Void
6
7 Advance EIC payment

8 Employee's social security number 393-49-2536
9 Federal income tax withheld 0.00
10 Wages, tips, other compensation 111.11
11 FICA tax withheld 6.81

12 Employee's name address and ZIP code
[illegible] RODHAM

[illegible] CENTER
LITTLE ROCK AR 72201

13 FICA wages 111.11
14 FICA tips
15 Employer's use
17 State income tax 2.22
18 State wages, tips, etc. 111.11
19 Name of State ARKANSAS
20 Local income tax
21 Local wages, tips, etc.
22 Name of locality

Form W-2 Wage and Tax Statement 1980 — Copy B To be filed with employee's FEDERAL tax return. This information is being furnished to the Internal Revenue Service. — Department of the Treasury Internal Revenue Service

---

WAGE AND TAX STATEMENT - 1980

1 FED INCOME TAX WITHHELD $ 8,CEE.86
2 WAGES, OTHER COMPENSATION $34,999.9C
3 F.I.C.A. EMP TAX WITHHELD $ 1,5E7.67
4 TOTAL F.I.C.A. WAGES $25,90C.CC
5 STAT. EMPLOYEE ( ) DECEASED ( ) PENSION PLAN ( ) LEGAL REP ( )
942 EMP ( ) SUB-TOTAL ( ) CORRECTION ( ) VOID ( )
6 ADVANCED EARNED INCOME CREDIT PAYMENTS $ .0C
7 EXCLUDABLE SICK PAY INCLUDED IN ITEM 2 $ .0C
8 ARKANSAS WAGES TIPS ETC. $34,999.9C
9 ARKANSAS INCOME TAX WITHHELD $ 1,727.44

EMPLOYER FED. I.D. NO. 71-6020280
EMPLOYER ARK. I.D. NO. 69-0710001-C23
GOVERNORS OFFICE
PAYROLL ACCOUNTING
P O BOX 2483
LITTLE ROCK AR 72203

ORIGINAL COPY TO BE FILED WITH EMPLOYEE FEDERAL TAX RETURN, COPY 2 TO BE FILED WITH STATE TAX RETURN, COPY 3 FOR EMPLOYEE RECORDS.
THIS INFORMATION HAS BEEN SENT TO THE SOCIAL SECURITY ADMIN., INTERNAL REVENUE SERVICE AND THE ARK. REVENUE DEPARTMENT ON MAGNETIC TAPE.

EMPLOYEE S.S.N. 429-92-9947
E CLINTON
X

CCCCC

LP 00674

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** **1980**

For Privacy Act Notice, see Instructions. | For the year January 1–December 31, 1980, or other tax year beginning 1980, ending 19

Use IRS label. Otherwise, please print or type

Your first name and initial (if joint return, also give spouse's name and initial) WILLIAM J CLINTON & HILLARY RODHAM

Last name

Your social security number 429:92 9947

Present home address (Number and street, including apartment number, or rural route) 816 MIDLAND

Spouse's social security no. 353:40:2536

City, town or post office, State and ZIP code LITTLE ROCK AR 72205

Your occupation ▶ ATTORNEY

Spouse's occupation ▶ ATTORNEY

Presidential Election Campaign Fund

Do you want $1 to go to this fund? Yes No

If joint return, does your spouse want $1 to go to this fund? Yes No

Note: Checking "Yes" will not increase your tax or reduce your refund

Requested by Census Bureau for Revenue Sharing

A Where do you live (actual location of residence)? (See page 2 of Instructions.) State / City, village, borough, etc. AR / LITTLE ROCK

B Do you live within the legal limits of a city, village, etc.? ☒ Yes ☐ No

C In what county do you live? PULASKI

D In what township do you live?

Filing Status Check only one box.

For IRS use only ☐

1 ☐ Single

2 ☑ Married filing joint return (even if only one had income)

3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here ▶

4 ☐ Head of household. (See page 6 of Instructions.) If qualifying person is your unmarried child, enter child's name ▶

5 ☐ Qualifying widow(er) with dependent child (Year spouse died ▶ 19). (See page 6 of Instructions.)

Exemptions Always check the box labeled Yourself. Check other boxes if they apply.

6a ☑ Yourself ☐ 65 or over ☐ Blind

b ☑ Spouse ☐ 65 or over ☐ Blind

Enter number of boxes checked on 6a and b ▶ 2

c First names of your dependent children who lived with you ▶ CHELSEA

Enter number of children listed on 6c ▶ 1

d Other dependents: (1) Name	(2) Relationship	(3) Number of months lived in your home	(4) Did dependent have income of $1,000 or more?	(5) Did you provide more than one-half of dependent's support?

Enter number of other dependents ▶

Add numbers entered in boxes above ▶ 3

7 Total number of exemptions claimed

Income Please attach Copy B of your Forms W-2 here. If you do not have a W-2, see page 5 of Instructions.

Please attach check or money order here

8	Wages, salaries, tips, etc.	8	81 838
9	Interest income (attach Schedule B if over $400)	9	6713
10a	Dividends (attach Schedule B if over $400) 2229 — 10b Exclusion 200		
c	Subtract line 10b from line 10a	10c	2029
11	Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions)	11	
12	Alimony received	12	
13	Business income or (loss) (attach Schedule C)	13	1358
14	Capital gain or (loss) (attach Schedule D)	14	<3267>
15	40% of capital gain distributions not reported on line 14 (See page 9 of Instructions)	15	
16	Supplemental gains or (losses) (attach Form 4797)	16	
17	Fully taxable pensions and annuities not reported on line 18	17	
18	Pensions, annuities, rents, royalties, partnerships, etc. (attach Schedule E)	18	<3556>
19	Farm income or (loss) (attach Schedule F)	19	
20a	Unemployment compensation (insurance). Total received		
b	Taxable amount, if any, from worksheet on page 10 of Instructions	20b	
21	Other income (state nature and source—see page 10 of Instructions) ▶	21	
22	Total income. Add amounts in column for lines 8 through 21 ▶	22	87556

Adjustments to Income (See Instructions on page 10)

23	Moving expense (attach Form 3903 or 3903F)	23		
24	Employee business expenses (attach Form 2106)	24	100	
25	Payments to an IRA (enter code from page 10)	25		
26	Payments to a Keogh (H.R. 10) retirement plan	26		
27	Interest penalty on early withdrawal of savings	27		
28	Alimony paid	28		
29	Disability income exclusion (attach Form 2440)	29		
30	Total adjustments. Add lines 23 through 29 ▶			30 100

Adjusted Gross Income

31 Adjusted gross income. Subtract line 30 from line 22. If this line is less than $10,000, see "Earned Income Credit" (line 57) on pages 13 and 14 of Instructions. If you want IRS to figure your tax, see page 3 of Instructions ▶ 31 87456

Form **1040** (1980)

LP 00675

Form 1040 (1980) Page 2

Tax Computation (See instructions on page 11)

32	Amount from line 31 (adjusted gross income)	32	87456
33	If you do not itemize deductions, enter zero If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 41 Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here ▶ ☐ and see page 11 of the instructions. Also see page 11 of the instructions if: • You are married filing a separate return and your spouse itemizes deductions, OR • You file Form 4563, OR • You are a dual-status alien.	33	25330
34	Subtract line 33 from line 32. Use the amount on line 34 to find your tax from the Tax Tables, or to figure your tax on Schedule TC, Part I Use Schedule TC, Part I, and the Tax Rate Schedules ONLY if: • Line 34 is more than $20,000 ($40,000 if you checked Filing Status Box 2 or 3), OR • You have more exemptions than are shown in the Tax Table for your filing status, OR • You use Schedule G or Form 4726 to figure your tax. Otherwise, you MUST use the Tax Tables to find your tax.	34	59126
35	Tax. Enter tax here and check if from ☐ Tax Tables or ☐ Schedule TC	35	17780
36	Additional taxes. (See page 12 of instructions.) Enter here and check if from ☐ Form 4970, ☐ Form 4972, ☐ Form 5544, ☐ Form 5405, or ☐ Section 72(m)(5) penalty tax	36	
37	Total. Add lines 35 and 36 ▶	37	17780

Credits (See instructions on page 12)

38	Credit for contributions to candidates for public office	38	100		
39	Credit for the elderly (attach Schedules R&RP)	39			
40	Credit for child and dependent care expenses (attach Form 2441)	40			
41	Investment credit (attach Form 3468)	41			
42	Foreign tax credit (attach Form 1116)	42			
43	Work incentive (WIN) credit (attach Form 4874)	43			
44	Jobs credit (attach Form 5884)	44			
45	Residential energy credits (attach Form 5695)	45			
46	Total credits. Add lines 38 through 45			46	100
47	Balance. Subtract line 46 from line 37 and enter difference (but not less than zero) ▶			47	17680

Other Taxes (Including Advance EIC Payments)

48	Self-employment tax (attach Schedule SE)	48	
49a	Minimum tax. Attach Form 4625 and check here ▶ ☐	49a	
49b	Alternative minimum tax. Attach Form 6251 and check here ▶ ☐	49b	
50	Tax from recomputing prior-year investment credit (attach Form 4255)	50	
51a	Social security (FICA) tax on tip income not reported to employer (attach Form 4137)	51a	
51b	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	51b	
52	Tax on an IRA (attach Form 5329)	52	
53	Advance earned income credit (EIC) payments received (from Form W-2)	53	
54	Balance. Add lines 47 through 53 ▶	54	17680

Payments Attach Forms W-2, W-2G and W-2P to front.

55	Total Federal income tax withheld	55	17572		
56	1980 estimated tax payments and amount applied from 1979 return	56			
57	Earned income credit. If line 32 is under $10,000, see pages 13 and 14 of instructions	57			
58	Amount paid with Form 4868	58			
59	Excess FICA and RRTA tax withheld (two or more employers)	59			
60	Credit for Federal tax on special fuels and oils (attach Form 4136 or 4136-T)	60			
61	Regulated investment Company credit (attach Form 2439)	61			
62	Total. Add lines 55 through 61 ▶			62	17572
63	If line 62 is larger than line 54, enter amount OVERPAID ▶			63	
64	Amount of line 63 to be REFUNDED TO YOU ▶			64	
65	Amount of line 63 to be applied to your 1981 estimated tax ▶	65			
66	If line 54 is larger than line 62, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number on check or money order ▶ Check ▶ ☐ if Form 2210 (2210F) is attached. See page 15 of instructions) ▶ $			66	101

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ▶ Date ▶ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

Paid Preparer's Use Only

Preparer's signature and date ▶ Laura B Carlton 4/14/81 Check if self-employed ▶ ☐ Preparer's social security no. 425 84 4041

Firm's name (or yours if self-employed) and address ▶ 71-0469604 JACK FROST AND COMPANY A PROFESSIONAL ASSOCIATION CERTIFIED PUBLIC ACCOUNTANTS WORTHEN BANK BUILDING LITTLE ROCK, ARKANSAS 72201 E.I. No. ▶ ZIP code ▶

LP 00676

Form 1040 (1980) Page 2

Tax Computation (See Instructions on page 11)

32	Amount from line 31 (adjusted gross income)	32	87456
33	If you do not itemize deductions, enter zero	33	28330
	If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 41		
	Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here ▶ ☐ and see page 11 of the Instructions. Also see page 11 of the Instructions if: • You are married filing a separate return and your spouse itemizes deductions, OR • You file Form 4563, OR • You are a dual-status alien.		
34	Subtract line 33 from line 32. Use the amount on line 34 to find your tax from the Tax Tables, or to figure your tax on Schedule TC, Part I. Use Schedule TC, Part I, and the Tax Rate Schedules ONLY if: • Line 34 is more than $20,000 ($40,000 if you checked Filing Status Box 2 or 5), OR • You have more exemptions than are shown in the Tax Table for your filing status, OR • You use Schedule G or Form 4726 to figure your tax. Otherwise, you MUST use the Tax Tables to find your tax.	34	59126
35	Tax. Enter tax here and check if from ☐ Tax Tables or ☑ Schedule TC	35	17760
36	Additional taxes. (See page 12 of Instructions.) Enter here and check if from ☐ Form 4970, ☐ Form 4972, ☐ Form 5544, ☐ Form 5405, or ☐ Section 72(m)(5) penalty tax	36	
37	Total. Add lines 35 and 36 ▶	37	17760

Credits (See Instructions on page 12)

38	Credit for contributions to candidates for public office	38	100		
39	Credit for the elderly (attach Schedules R&RP)	39			
40	Credit for child and dependent care expenses (attach Form 2441)	40			
41	Investment credit (attach Form 3468)	41			
42	Foreign tax credit (attach Form 1116)	42			
43	Work incentive (WIN) credit (attach Form 4874)	43			
44	Jobs credit (attach Form 5884)	44			
45	Residential energy credits (attach Form 5695)	45			
46	Total credits. Add lines 38 through 45			46	100
47	Balance. Subtract line 46 from line 37 and enter difference (but not less than zero) ▶			47	17660

Other Taxes (Including Advance EIC Payments)

48	Self-employment tax (attach Schedule SE)	48	
49a	Minimum tax. Attach Form 4625 and check here ▶ ☐	49a	
49b	Alternative minimum tax. Attach Form 6251 and check here ▶ ☐	49b	
50	Tax from recomputing prior-year investment credit (attach Form 4255)	50	
51a	Social security (FICA) tax on tip income not reported to employer (attach Form 4137)	51a	
51b	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	51b	
52	Tax on an IRA (attach Form 5329)	52	
53	Advance earned income credit (EIC) payments received (from Form W-2)	53	
54	Balance. Add lines 47 through 53 ▶	54	17660

Payments Attach Forms W-2, W-2G and W-2P to front.

55	Total Federal income tax withheld	55	17572		
56	1980 estimated tax payments and amount applied from 1979 return	56			
57	Earned income credit. If line 32 is under $10,000, see pages 13 and 14 of Instructions	57			
58	Amount paid with Form 4868	58			
59	Excess FICA and RRTA tax withheld (two or more employers)	59	7		
60	☐ Credit for Federal tax on special fuels and oils (attach Form 4136 or 4136-T)	60			
61	Regulated Investment Company credit (attach Form 2439)	61			
62	Total. Add lines 55 through 61 ▶			62	17579

Refund or Balance Due

63	If line 62 is larger than line 54, enter amount OVERPAID ▶	63	
64	Amount of line 63 to be REFUNDED TO YOU ▶	64	
65	Amount of line 63 to be applied to your 1981 estimated tax ▶ 65		
66	If line 54 is larger than line 62, enter BALANCE DUE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number on check or money order ▶ (Check ▶ ☐ if Form 2210 (2210F) is attached. See page 15 of Instructions.) ▶ $	66	101

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ▶ Date ▶ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

Paid Preparer's Use Only

Preparer's signature and date ▶ Laura B Harbour 4/15/81 Check if self-employed ▶ ☐ Preparer's social security no. ▶ 429 84 4041

Firm's name (or yours, if self-employed) and address ▶ 71 0469604
JACK FROST AND COMPANY
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS
WORTHEN BANK BUILDING
LITTLE ROCK, ARKANSAS 72201

E.I. No. ▶ ZIP code ▶

LP 00677

Schedules A&B—Itemized Deductions AND Interest and Dividend Income

(Form 1040)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040. ▶ See Instructions for Schedules A and B (Form 1040).

1980
08

Name(s) as shown on Form 1040
William J Clinton + Hillary Rodham

Your social security number
425 52 5242

Schedule A—Itemized Deductions (Schedule B is on back)

Medical and Dental Expenses (not paid or reimbursed by insurance or otherwise) (See page 16 of Instructions.)

1 One-half (but not more than $150) of insurance premiums you paid for medical care. (Be sure to include in line 10 below.) ▶	150	
2 Medicine and drugs		
3 Enter 1% of Form 1040, line 31		
4 Subtract line 3 from line 2. If line 3 is more than line 2, enter zero		
5 Balance of insurance premiums for medical care not entered on line 1		
6 Other medical and dental expenses:		
a Doctors, dentists, nurses, etc.		
b Hospitals		
c Other (itemize—include hearing aids, dentures, eyeglasses, transportation, etc.) ▶		
7 Total (add lines 4 through 6c)		
8 Enter 3% of Form 1040, line 31		
9 Subtract line 8 from line 7. If line 8 is more than line 7, enter zero		
10 Total medical and dental expenses (add lines 1 and 9). Enter here and on line 33 ▶	150	

Taxes (See page 17 of Instructions.)

Note: Gasoline taxes are no longer deductible.

11 State and local income	8947	
12 Real estate	311	
13 General sales (see sales tax tables)	414	
14 Personal property	31	
15 Other (itemize) ▶		
16 Total taxes (add lines 11 through 15). Enter here and on line 34 ▶	9622	

Interest Expense (See page 17 of Instructions.)

17 Home mortgage	1863	
18 Credit and charge cards	213	
19 Other (itemize) ▶ Emac	301	
Jfk Mortgage	9000	
Jfk Univ	191	
Visa	301	
Bank of Central Asia	1913	
Citibank Fsb Nevada	4350	
20 Total interest expense (add lines 17 through 19). Enter here and on line 35 ▶	16800	

Contributions (See page 17 of Instructions.)

21 a Cash contributions for which you have receipts or cancelled checks	4742	
b Other cash contributions (show to whom you gave and how much you gave) ▶		
22 Other than cash (see page 17 of Instructions for required statement)		
23 Carryover from prior years		
24 Total contributions (add lines 21a through 23). Enter here and on line 36 ▶	4742	

Casualty or Theft Loss(es) (See page 18 of Instructions.)

25 Loss before insurance reimbursement		
26 Insurance reimbursement		
27 Subtract line 26 from line 25. If line 26 is more than line 25, enter zero		
28 Enter $100 or amount from line 27, whichever is smaller		
29 Total casualty or theft loss(es) (subtract line 28 from line 27). Enter here and on line 37 ▶		

Miscellaneous Deductions (See page 18 of Instructions.)

30 Union dues		
31 Other (itemize) ▶		
Professional Dues	415	
32 Total miscellaneous deductions (add lines 30 and 31). Enter here and on line 38 ▶	415	

Summary of Itemized Deductions (See page 19 of Instructions.) A

33 Total medical and dental—from line 10	150	
34 Total taxes—from line 16	9622	
35 Total interest—from line 20	16800	
36 Total contributions—from line 24	4742	
37 Total casualty or theft loss(es)—from line 29		
38 Total miscellaneous—from line 32	415	
39 Add lines 33 through 38	31730	
40 If you checked Form 1040, Filing Status box: 2 or 5, enter $3,400; 1 or 4, enter 2,300; 3, enter $1,700	3400	
41 Subtract line 40 from line 39. Enter here and on Form 1040, line 33. (If line 40 is more than line 39, see the instructions for line 41 on page 19) ▶	28330	

Schedules A&B (Form 1040) 1980

Schedule B—Interest and Dividend Income

Name(s) as shown on Form 1040 (Do not enter name and social security number if shown on other side)

WILLIAM & CLAUDIA HOLLAND ROSMANN

Your social security number

429 92 : 5547

Part I Interest Income

1 If you received more than $400 in interest, complete Part I and Part III. Please see page 8 of the instructions to find out what interest to report. Then answer the questions in Part III, below. If you received interest as a nominee for another, or you received or paid accrued interest on securities transferred between interest payment dates, please see page 19 of the instructions.

Name of payer	Amount
STEPHENS INC	225
E.F.	32
U.S.T.	48
U.S.	226
MUTUAL INV.	35
U.S.T.	465
NELSON	300
MARINE	222

2 Total interest income. Enter here and on Form 1040, line 9 4713

Part II Dividend Income

3 If you received more than $400 in gross dividends (including capital gain distributions) and other distributions on stock, complete Part II and Part III. Please see page 9 of the instructions. Write (H), (W), or (J), for stock held by husband, wife, or jointly. Then answer the questions in Part III, below. If you received dividends as a nominee for another, please see page 19 of the instructions.

Name of payer	Amount
CASH EQUIVALENT FUND XMP	718
STEPHENS INC	436
MERRILL LYNCH	1071

4 Total of line 3 2229

5 Capital gain distributions. Enter here and on line 13, Schedule D. See Note below . . . [redacted] B

6 Nontaxable distributions . . . . . [redacted]

7 Total (add lines 5 and 6) . . . . . [redacted]

8 Dividends before exclusion (subtract line 7 from line 4). Enter here and on Form 1040, line 10a . . . . . - 2220

Note: *If you received capital gain distributions for the year and you do not need Schedule D to report any other gains or losses, do not file that schedule. Instead, enter 40% of your capital gain distributions on Form 1040, line 15*

Part III Foreign Accounts and Foreign Trusts

If you are required to list interest in Part I or dividends in Part II, OR if you had a foreign account or were a grantor of or a transferor to a foreign trust, you must answer both questions in Part III. Please see page 19 of the instructions.

	Yes	No
A At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see page 19 of instructions)?		✓
B Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		✓

LP 00679

SCHEDULE C (Form 1040)
Department of the Treasury
Internal Revenue Service

Profit or (Loss) From Business or Profession

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule C (Form 1040).

1980

09

Name of proprietor: HILLARY T. OBAMA

Social security number of proprietor: 313 : 40 : 2526

A Main business activity (see instructions) ▶ CONSULTING : product ▶ LEGAL SERVICES

B Business name ▶

C Employer identification number

D Business address (number and street) ▶

City, State and ZIP Code ▶

E Accounting method: (1) [2] Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

C

F Method(s) used to value closing inventory:

(1) ☐ Cost (2) ☐ Lower of cost or market (3) ☐ Other (if other, attach explanation)

	Yes	No
G Was there any major change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation.		✓
H Did you deduct expenses for an office in your home?		✓
I Did you elect to claim amortization (under section 191) or depreciation (under section 167(o)) for a rehabilitated certified historic structure (see instructions)? (Amortizable basis (see instructions) ▶)		✓

Part I Income

1 a Gross receipts or sales	1a	2986	
b Returns and allowances	1b		
c Balance (subtract line 1b from line 1a)		1c	
2 Cost of goods sold and/or operations (Schedule C–1, line 8)		2	
3 Gross profit (subtract line 2 from line 1c)		3	
4 Other income (attach schedule)		4	
5 Total income (add lines 3 and 4) ▶		5	2986

Part II Deductions

6 Advertising		31 a Wages	
7 Amortization		b Jobs credit	
8 Bad debts from sales or services		c WIN credit	
9 Bank charges		d Total credits	
10 Car and truck expenses		e Subtract line 31d from 31a	
11 Commissions		32 Other expenses (specify):	
12 Depletion		a REMAVELS IN MANSIL	
13 Depreciation (explain in Schedule C–2)	400	b LUNCHEONS IN FAM	
14 Dues and publications		c LOST	1228
15 Employee benefit programs		d	
16 Freight (not included on Schedule C–1)		e	
17 Insurance		f	
18 Interest on business indebtedness		g	
19 Laundry and cleaning		h	
20 Legal and professional services		i	
21 Office supplies		j	
22 Pension and profit-sharing plans		k	
23 Postage		l	
24 Rent on business property		m	
25 Repairs		n	
26 Supplies (not included on Schedule C–1)		o	
27 Taxes		p	
28 Telephone		q	
29 Travel and entertainment		r	
30 Utilities		s	
33 Total deductions (add amounts in columns for lines 6 through 32s) ▶		33	1628
34 Net profit or (loss) (subtract line 33 from line 5). If a profit, enter on Form 1040, line 13, and on Schedule SE, Part II, line 5a (or Form 1041, line 6). If a loss, go on to line 35		34	1358

35 If you have a loss, do you have amounts for which you are not "at risk" in this business (see instructions)? ☐ Yes ☐ No

LP 00680

Schedule C (Form 1040) 1980 — Page 2

SCHEDULE C–1.—Cost of Goods Sold and/or Operations (See Schedule C Instructions for Part I, line 2)

1 Inventory at beginning of year (if different from last year's closing inventory, attach explanation)			1	
2 a Purchases	2a			
b Cost of items withdrawn for personal use	2b			
c Balance (subtract line 2b from line 2a)			2c	
3 Cost of labor (do not include salary paid to yourself)			3	
4 Materials and supplies			4	
5 Other costs (attach schedule)			5	
6 Add lines 1, 2c, and 3 through 5			6	
7 Inventory at end of year			7	
8 Cost of goods sold and/or operations (subtract line 7 from line 6). Enter here and on Part I, line 2 ▶			8	

SCHEDULE C–2.—Depreciation (See Schedule C Instructions for line 13)
If you need more space, please use Form 4562.

Description of property (a)	Date acquired (b)	Cost or other basis (c)	Depreciation allowed or allowable in prior years (d)	Method of computing depre ciation (e)	Life or rate (f)	Depreciation for this year (g)
1 Total additional first-year depreciation (do not include in items below) (see instructions for limitation) ▶						
2 Other depreciation:						
BOOK	4/13	57	18	ADR	7 YR	11
DESK	2	111.6	25.1	(	)	21.9
CALCULATOR	1	120	28	(	)	23
COMPUTER	1	750	236	(	)	147
3 Totals		2047			3	400
4 Depreciation claimed in Schedule C–1					4	
5 Balance (subtract line 4 from line 3). Enter here and on Part II, line 13 ▶					5	400

SCHEDULE C–3.—Expense Account Information (See Schedule C Instructions for Schedule C–3)

Enter information for yourself and your five highest paid employees. In determining the five highest paid employees, add expense account allowances to the salaries and wages. However, you don't have to provide the information for any employee for whom the combined amount is less than $25,000, or for yourself if your expense account allowance plus line 34, page 1, is less than $25,000

Name (a)	Expense account (b)	Salaries and wages (c)
Owner		
1		
2		
3		
4		
5		

Did you claim a deduction for expenses connected with:	Yes	No
A Entertainment facility (boat, resort, ranch, etc.)?		
B Living accommodations (except employees on business)?		
C Conventions or meetings you or your employees attended outside the U.S. or its possessions? (see instructions)		
D Employees' families at conventions or meetings?		
If "Yes," were any of these conventions or meetings outside the U.S. or its possessions?		
E Vacations for employees or their families not reported on Form W–2?		

LP 00681

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

(Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jewelry.)

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).

1980
15

Name(s) as shown on Form 1040 | Your social security number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

D

a. Kind of property and description (Example, 100 shares 7% preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis, as adjusted (see instructions page 21)	f. LOSS If column (e) is more than (d) subtract (d) from (e)		g. GAIN If column (d) is more than (e) subtract (e) from (d)
1 COMMODITIES					449		
322 SCH ATTACHED							130
2 Gain from sale or exchange of a principal residence held one year or less, from Form 2119, lines 7 or 11				2			
3 Enter your share of net short-term gain or (loss) from partnerships and fiduciaries				3			
4 Add lines 1, 2 and 3 in column f and column g				4	449		130
5 Combine line 4, column f and line 4, column g and enter the net gain or (loss)						5	(319)
6 Short-term capital loss carryover from years beginning after 1969						6	( )
7 Net short-term gain or (loss), combine lines 5 and 6						7	(319)

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

8							
322 SCH ATTACHED					158		
1) SHORT SALE							
2) 325 X 42.9%							144
9 Gain from sale or exchange of a principal residence held more than one year, from Form 2119, lines 7, 11, or 18				9			
10 Enter your share of net long-term gain or (loss) from partnerships and fiduciaries				10			
11 Add lines 8, 9 and 10 in column f and column g				11	158		144
12 Combine line 11, column f and line 11, column g and enter the net gain or (loss)						12	(14)
13 Capital gain distributions						13	
14 Enter gain, if applicable, from Form 4797, line 5(a)(1)						14	
15 Enter your share of net long-term gain from small business corporations (Subchapter S)						15	
16 Combine lines 12 through 15						16	(14)
17 Long-term capital loss carryover from years beginning after 1969						17	( )
18 Net long-term gain or (loss), combine lines 16 and 17						18	(14)

Note: If you have capital loss carryovers from years beginning before 1970, do not complete rest of form. See Form 4798 instead. Otherwise, complete this form on reverse.

LP 00682

Schedule D (Form 1040) 1980 Page 2

Part III Summary of Parts I and II

19 Combine lines 7 and 18, and enter the net gain or (loss) here	19	(333)	
20 If line 19 shows a gain—			
a Enter 60% of line 18 or 60% of line 19, whichever is smaller. Enter zero if there is a loss or no entry on line 18	20a		
If the amount you enter on this line is other than zero, you may be liable for the alternative minimum tax. See Form 6251.			
b Subtract line 20a from line 19. Enter here and on Form 1040, line 14	20b		
21 If line 19 shows a loss—			
a Enter one of the following amounts: (i) If line 7 is zero or a net gain, enter 50% of line 19, (ii) If line 18 is zero or a net gain, enter line 19; or, (iii) If line 7 and line 18 are net losses, enter amount on line 7 added to 50% of the amount on line 18	21a	(326)	
b Enter here and enter as a loss on Form 1040, line 14, the smallest of: (i) The amount on line 21a, (ii) $3,000 ($1,500 if married and filing a separate return); or, (iii) Taxable income, as adjusted	21b	(326)	
Note: *If the loss on line 21a is more than the loss shown on line 21b, complete Part IV to determine post-1969 capital loss carryover from 1980 to 1981.*			

Part IV Computation of Post-1969 Capital Loss Carryovers from 1980 to 1981 *(Complete this part if the loss on line 21a is more than the loss shown on line 21b)*

Section A.—Short-term Capital Loss Carryover

22 Enter loss shown on line 7; if none, enter zero and skip lines 23 through 27—then go to line 28	22		
23 Enter gain shown on line 18. If that line is blank or shows a loss, enter zero	23		
24 Reduce any loss on line 22 to the extent of any gain on line 23	24		
25 Enter amount shown on line 21b	25		
26 Enter smaller of line 24 or 25	26		
27 Subtract line 26 from line 24	27		
Note: *The amount on line 27 is the part of your short term capital loss carryover from 1980 to 1981 that is from years beginning after 1969*			

Section B.—Long-term Capital Loss Carryover

28 Subtract line 26 from line 25. (Note: *If you skipped lines 22 through 27, enter amount from line 21b*)	28		
29 Enter loss from line 18; if none, enter zero and skip lines 30 through 33	29		
30 Enter gain shown on line 7. If that line is blank or shows a loss, enter zero	30		
31 Reduce any loss on line 29 to the extent of any gain on line 30	31		
32 Multiply amount on line 28 by 2	32		
33 Subtract line 32 from line 31	33		
Note: *The amount on line 33 is the part of your long term capital loss carryover from 1980 to 1981 that is from years beginning after 1969*			

547118

SCHEDULE OF REALIZED GAINS & LOSSES
PREPARED FOR: HILLARY RODHAM
FOR THE PERIOD FROM: 01/01/80 THROUGH 12/31/80

AMOUNT	SECURITY	ORIGINAL COST	PURCHASE DATE	PROCEEDS	SALE DATE	GAIN OR (-LOSS)	PERCENT
	SHORT TERM						
30	BELL & HOWELL CO	492.64	02/22/79	727.14	01/15/80	234.50	47.60
70	DE BEERS CONS MINES LTD ADR	473.12	03/16/79	770.00	01/21/80	296.88	62.75
40,000	FEDERAL FARM CR BKS CSBD 14.40% 05/01/80	40,337.00	11/07/79	40,000.00	04/17/80	-337.00	-.84
15,000	FEDERAL FARM CR BKS CSBD 14.40% 05/01/80	15,126.38	11/07/79	15,000.00	01/15/80	-126.38	-.84
35,000	FFCB 13.25 11/03/80	35,000.00	04/22/80	35,000.00	11/03/80	0.00	0.00
5,000	FFCB 13.25 11/03/80	5,000.00	04/22/80	5,216.83	09/09/80	216.83	4.31
100	OCCIDENTAL PETE CORP	2,527.00	09/13/79	2,373.68	04/24/80	-153.32	-6.07
	TOTAL SHORT TERM	98,956.14		99,086.35		130.21	0.13
	LONG TERM						
35	GAS SVC CO	536.06	03/13/79	459.64	07/09/80	-76.42	-14.57
35	MCNEIL CORP	457.46	02/22/79	455.35	04/23/80	-2.11	-.46
50	OXFORD INDS INC	510.56	02/22/79	433.43	04/24/80	-77.13	-15.11
	TOTAL LONG TERM	1,506.08		1,348.42		-157.66	-10.47
	GRAND TOTALS	100,462.22		100,434.77		-27.45	-.03

LP 00684

SCHEDULE SE (Form 1040)
Department of the Treasury
Internal Revenue Service

Computation of Social Security Self-Employment Tax

▶ See Instructions for Schedule SE (Form 1040).
▶ Attach to Form 1040.

1980
23

Name of self-employed person (as shown on social security card): HILLARY PEABHAM

Social security number of self-employed person ▶ 373 40 2536

Part I Computation of Net Earnings from FARM Self-Employment

Regular Method

1 Net profit or (loss) from:			
a Schedule F (Form 1040)	1a		
b Farm partnerships	1b		
2 Net earnings from farm self-employment (add lines 1a and 1b)	2		
Farm Optional Method			
3 If gross profits from farming are:			
a Not more than $2,400, enter two-thirds of the gross profits	3		
b More than $2,400 and the net farm profit is less than $1,600, enter $1,600			
4 Enter here and on line 12a, the amount on line 2, or line 3 if you elect the farm optional method	4		

Part II Computation of Net Earnings from NONFARM Self-Employment

SE

Regular Method

5 Net profit or (loss) from:			
a Schedule C (Form 1040)	5a	1355	
b Partnerships, joint ventures, etc. (other than farming)	5b		
c Service as a minister, member of a religious order, or a Christian Science practitioner. (Include rental value of parsonage or rental allowance furnished.) If you filed Form 4361 and have not revoked that exemption, check here ▶ ☐ and enter zero on this line	5c		
d Service with a foreign government or international organization	5d		
e Other (specify) ▶	5e		
6 Total (add lines 5a through 5e)	6		
7 Enter adjustments if any (attach statement, see page 29 of Instructions)	7		
8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7)	8	1355	
Note: *If line 8 is $1,600 or more or if you do not elect to use the Nonfarm Optional Method, skip lines 9 through 11 and enter amount from line 8 on line 12b.*			
Nonfarm Optional Method			
9 a Maximum amount reportable under both optional methods combined (farm and nonfarm)	9a	$1,600	00
b Enter amount from line 3. (If you did not elect to use the farm optional method, enter zero.)	9b		
c Balance (subtract line 9b from line 9a)	9c		
10 Enter two-thirds of gross nonfarm profits or $1,600, whichever is smaller	10		
11 Enter here and on line 12b, the amount on line 9c or line 10, whichever is smaller	11		

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss):				
a From farming (from line 4)			12a	
b From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method)			12b	1355
13 Total net earnings or (loss) from self-employment reported on lines 12a and 12b. (If line 13 is less than $400, you are not subject to self-employment tax. Do not fill in rest of schedule)			13	1355
14 The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement taxes for 1980 is			14	$25,900 00
15 a Total "FICA" wages (from Forms W-2) and "RRTA" compensation	15a	25300		
b Unreported tips subject to FICA tax from Form 4137, line 9 or to RRTA	15b			
c Add lines 15a and 15b			15c	25300
16 Balance (subtract line 15c from line 14)			16	0
17 Self-employment income—line 13 or 16, whichever is smaller			17	0
18 Self-employment tax. (If line 17 is $25,900, enter $2,097.90; if less, multiply the amount on line 17 by .081.) Enter here and on Form 1040, line 48			18	0

LP 00685

SCHEDULE TC (Form 1040)
Department of the Treasury
Internal Revenue Service

Tax Computation Schedule

▶ Attach to Form 1040.

1980

Name(s) as shown on Form 1040
William J Clinton & Hillary Rodham

Your social security number
429:52:9947

Part I Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34, is more than $20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040.
- Your income on Form 1040, line 34, is more than $40,000 and you checked Filing Status Box 2 or 5 on Form 1040.
- You had more exemptions than were shown in the Tax Table for your filing status.
- You figure your tax using Schedule G (Income Averaging) or Form 4726 (Maximum Tax on Personal Service Income).

1 Enter the amount from Form 1040, line 34	1	59126
2 Multiply $1,000 by the total number of exemptions claimed on Form 1040, line 7	2	3000
3 Taxable income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the other methods listed on line 4.)	3	56,126
4 Income tax. Enter tax and check if from: ☒ Tax Rate Schedule X, Y, or Z ☐ Schedule G, or ☐ Form 4726. Also enter on Form 1040, line 35	4	17780

Part II Computation for Certain Taxpayers Who MUST Itemize Deductions

If you are included in one of the groups below, you MUST itemize. If you must itemize and the amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

A. You can be claimed as a dependent on your parents' return and had interest, dividends, or other unearned income of $1,000 or more and had earned income of less than $2,300 if single (less than $1,700 if married filing a separate return).

Note: *If your earned income is more than your itemized deductions, you don't have to fill in Schedule A. Just enter your earned income in Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Generally, your earned income is the total of any amounts on Form 1040, lines 8, 13, and 19. See page 11 of the instructions for Form 1040 for more details.*

B. You are married filing a separate return and your spouse itemizes deductions. (There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and enters earned income instead of itemized deductions on Part II, line 3, of this schedule. If this is the case, don't complete Part II. Go back to Form 1040, line 33, and enter $0. Then go to Form 1040, line 34.)

C. You file Form 4563 to exclude income from sources in U.S. possessions. (Please see Form 4563 and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

D. You had dual status as a nonresident alien for part of 1980, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you don't have to itemize if at the end of 1980 you were a nonresident alien married to a U.S. resident or citizen and file a joint return reporting your combined worldwide income.

1 Enter the amount from Form 1040, line 31		1	
2 If you checked Form 1040, Filing Status Box: [2 or 5, enter $3,400 / 1 or 4, enter $2,300 / 3, enter $1,700]	2		
3 Enter the amount from Schedule A, line 39	3		
Caution: *If you can be claimed as a dependent on your parents' return, see the Note above. Be sure you check the box below line 33 of Form 1040.*			
4 Subtract line 3 from line 2		4	
5 Add lines 1 and 4. Enter here and on Form 1040, line 34. (Leave Form 1040, line 33 blank. Disregard the instruction to subtract line 33 from line 32. Follow the rest of the instructions for Form 1040, line 34.)		5	

TC

The example below may help you to complete Part II

Example—Walter Green, a single individual, is claimed as a dependent on his parents' return. Walter's adjusted gross income, Form 1040, line 31, is $4,000. Of this amount $1,500 was earned income from a summer job and $2,500 was unearned income that he received as a beneficiary of a trust. Because Walter is being claimed as a dependent on his parents' return and has unearned income of $1,000 or more and earned income of less than $2,300, he must use Part II of Schedule TC. Walter knows that his total itemized deductions are only $500. Since this is less than his earned income ($1,500), he does not have to complete Schedule A. Walter enters $2,300, the zero bracket amount for a single individual, on line 2 of Part II and his earned income on line 3. He completes Part II as shown below and enters the total of $4,800 on Form 1040, line 34. He then figures his tax using the Tax Tables as explained in the instructions for lines 34 and 35 on page 12.

1 Adjusted gross income		$4,000
2 Zero bracket amount for a single individual	$2,300	
3 Earned income	1,500	
4 Subtract line 3 from line 2		800
5 Add lines 1 and 4. Enter here and on Form 1040, line 34		$4,800

Note: *If Walter's itemized deductions are more than his earned income, he must complete Schedule A first.*

LP 00686

Form **2106**
Department of the Treasury
Internal Revenue Service

Employee Business Expenses

(Please use Form 3903 to figure moving expense deduction.)
▶ Attach to Form 1040.

1980

Your name	Social security number	Occupation in which expenses were incurred
HILARY ROCHMAN	253 40 2536	ATTORNEY
Employer's name	**Employer's address**	
PETE FIRM	LA	

Instructions

Use this form to show your business expenses as an employee during 1980. Include amounts

- You paid as an employee
- You charged to your employer (such as by credit card).
- You received as an advance, allowance or repayment.

Several publications available from IRS give more information about business expenses

Publication 463, Travel, Entertainment, and Gift Expenses
Publication 529, Miscellaneous Deductions
Publication 587, Business Use of Your Home
Publication 508, Educational Expenses

Part I.—You can deduct some business expenses even if you do not itemize your deductions on Schedule A (Form 1040). Examples are expenses for travel (except commuting to and from work), meals, or lodging. List these expenses in Part I and use them in figuring your adjusted gross income on Form 1040, line 31.

Line 2.—You can deduct meals and lodging costs if you were on a business trip away from your main place of work. Do not deduct the cost of meals you ate on one day trips when you did not need sleep or rest.

Line 3.—If you use your own car in your work, you can deduct the cost of the business use. Enter the cost here after figuring it in Parts IV, V, and VI. Base the cost on your actual expenses (such as gas, oil, repairs, depreciation) or on a mileage rate.

The mileage rate is 20 cents a mile up to 15,000 miles. After that or for all business mileage on a fully depreciated car, the rate is 11 cents a mile. A car whose cost is being figured under the mileage rate is considered to have a useful life of 5 years. If in any year actual expenses are claimed using a useful life of less than 5 years, use of the mileage rate after that shorter useful life will be limited to 11¢ per mile. (For depreciation, see Publication 463.)

Figure your mileage rate amount and add it to the business part of what you spent on the car for parking fees, tolls, interest, and State and local taxes (except gasoline tax).

Line 4.—If you were an outside salesperson with other business expenses, list them on line 4. Examples are selling expenses or expenses for stationery and stamps. An outside salesperson does all selling outside the employer's place of business. A driver-salesperson whose main duties are service and delivery, such as delivering bread or milk, is not an outside salesperson. (For outside salesperson, see Publication 463.)

Line 5.—Show other business expenses on line 5 if your employer repaid you for them. If you were repaid for part of them, show here the amount you were repaid. Show the rest in Part II.

Part II.—You can deduct other business expenses only if (a) your employer did not repay you, and (b) you itemize your deductions on Schedule A (Form 1040). Report these expenses here and under Miscellaneous Deductions on Schedule A. Examples are union or professional dues and expenses for tools and uniforms. (For details, see Publication 529.)

You can deduct expenses for business use of the part of your home that you exclusively and consistently use for your work. If you are not self-employed, your working at home must be for your employer's convenience. (For business use of home, see Publication 587.)

If you show education expenses in Part I or Part II, you must fill out Part III.

Part III.—You can deduct the cost of education that helps you keep or improve your skills for the job you have now. This includes education that your employer, the law, or regulations require you to get in order to keep your job or your salary. Do not deduct the cost of study that helps you meet the basic requirements for your job or helps you get a new job. (For education expenses, see Publication 508.)

Part IV.—If you trade in a car you used in business for a new one you also used in business, fill out lines 1 through 15. If you paid cash for the new car or traded in a car not used in business, fill out only lines 10 through 15. Reduce the basis for depreciation each year in the future that your percentage of business use changes.

PART I.—Employee Business Expenses Deductible in Figuring Adjusted Gross Income on Form 1040, Line 31

1	Fares for airplane, boat, bus, taxicab, train, etc	
2	Meals and lodging	
3	Car expenses (from Part IV, line 21)	100
4	Outside salesperson's expenses (see Part I instructions above) ▶	
5	Other (see Part I instructions above) ▶	
6	Add lines 1 through 5	100
7	Employer's payments for these expenses if not included on Form W-2	
8	Deductible business expenses (subtract line 7 from line 6). Enter here and include on Form 1040, line 24	100
9	Income from excess business expense payments (subtract line 6 from line 7). Enter here and include on Form 1040, line 21	

PART II.—Employee Business Expenses that are Deductible Only if You Itemize Deductions on Schedule A (Form 1040)

1	Business expenses not included above (list expense and amount) ▶	
2	Total. Deduct under Miscellaneous Deductions, Schedule A (Form 1040)	

PART III.—Information About Education Expenses Shown in Part I or Part II

1 Name of educational institution or activity ▶

2 Address ▶

3 Did you need this education to meet the basic requirements for your job? Yes — No

4 Will this study program qualify you for a new job? Yes — No

5 If your answer to 3 or 4 is "No," explain (1) why you are getting the education and (2) what the relationship was between the courses you took and your job. (If you need more space, attach a statement.) ▶

6 List your main subjects, or describe your educational activity ▶

Form **2106** (1980)

Form 2106 (1980) Page 2

PART IV.—Car Expenses (Use either your actual expenses or the mileage rate)

	Car 1	Car 2	Car 3
A. Number of months you used car for business during 1980	months	months	months
B. Total mileage for months in line A	miles	miles	miles
C. Business part of line B mileage	miles	miles	miles
Actual Expenses (include expenses for only the months shown in line A, above)			
1 Gasoline, oil, lubrication, etc.			
2 Repairs			
3 Tires, supplies, etc.			
4 Other: (a) Insurance			
(b) Taxes			
(c) Tags and licenses			
(d) Interest			
(e) Miscellaneous			
5 Total (add lines 1 through 4(e))			
6 Business percentage of car use (divide line C by line B, above)	%	%	%
7 Business part of car expense (multiply line 5 by line 6)			
8 Depreciation (from Part VI, column (h))			
9 Divide line 8 by 12 months			
10 Multiply line 9 by line A, above			
11 Total (add line 7 and line 10, then skip to line 19)			
Mileage Rate			
12 Enter the smaller of (a) 15,000 miles or (b) the combined mileages from line C, above			1,000 miles
13 Multiply line 12 by 20¢ (11¢ if car is fully depreciated) and enter here			200
14 Enter any combined mileage from line C that is over 15,000 miles			miles
15 Multiply line 14 by 11¢ and enter here			
16 Total mileage expense (add lines 13 and 15)			200
17 Business part of car interest and State and local taxes (except gasoline tax)			
18 Total (add lines 16 and 17)			200
Summary			
19 Enter amount from line 11 or line 18, whichever you used			200
20 Parking fees and tolls			
21 Total (add lines 19 and 20). Enter here and in Part I, line 3			200

PART V.—Basis for Depreciation of Car Used in Business (See instructions on front)

Trade-in of Old Car:		5 Multiply line 4 by percentage on line 1(c)	
1 (a) Total mileage at trade-in	miles	6 Gain or (loss) on previous trade-in	
(b) Business mileage	miles	7 Balance of lines 5 and 6 (subtract gain or add (loss))	
(c) Business percentage (divide line (b) by line (a))	%	8 Depreciation allowed or allowable	
2 Purchase price or other basis		9 Gain or (loss) on business part (Subtract line 7 from line 8 for gain, or line 8 from line 7 for (loss))	
3 Trade-in allowance			
4 Difference (subtract line 3 from line 2)			
New Car:		13 Multiply line 12 by the percentage on line 6 of Part IV	
10 Purchase price or other basis		14 Enter gain or (loss) from line 9	
11 Estimated salvage value		15 Basis for depreciation (Balance of lines 13 and 14; subtract gain or add (loss))	
12 Difference (subtract line 11 from line 10)			

PART VI.—Car Depreciation

Make and model of car (a)	Date placed in service (b)	Basis (from line 15, Part V) (c)	Age of car when placed in service (d)	Depreciation allowed in previous years (e)	Method of figuring depreciation (f)	Rate (%) or life (in years) (g)	Depreciation this year (h)

© U.S. GOVERNMENT PRINTING OFFICE: 1980—O-318-165 8104320014328

LP 00686

1420

Amended

SCHEDULE K-1 (Form 1065)

Department of the Treasury Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.—1980

For calendar year 1980 or fiscal year beginning 6/1, 1980, and ending 12/31, 19 80

(Instructions for partners attached. Complete for each partner—See instructions on back of Copy B)

Partner's identifying number ▶ 353-40-2536	Partnership's identifying number ▶ 71-0534041
Partner's name, address, and ZIP code Hillary Rodham 816 Midland Little Rock, AR 72205	Partnership's name, address, and ZIP code Rose Building Limited Partnership 120 East Fourth Little Rock, AR 72201

	Yes	No
A (i) Date(s) partner acquired any partnership interest during the year ▶		
(ii) Did partner have any partnership interest before 1/1/77		X
B Is partner a nonresident alien?		X
C (i) Is partner a limited partner (see page 2 of Instructions)?	X	
(ii) If "Yes," is partner also a general partner?		X
D (i) Did partner ever contribute property other than money to the partnership?		X
If "Yes," enter: a Basis to partnership of contributed property (other than money) at time(s) of contribution to the partnership $		
b Value of contributed property in "a" above as reflected in the partner's capital account $		
(ii) Did partner ever receive a distribution other than money from the partnership?		
If "Yes," enter: a Basis to partnership of distributed property (other than money) at time(s) of distribution to the partner $		
b Value of distributed property in "a" above as reflected in the partner's capital account $		
E Was any part of the partner's interest ever acquired from another partner?		

	Yes	No
F (i) Did partnership interest terminate during the year?		
(ii) Did partnership interest decrease during the year?		

G Enter partner's percentage of:

	(i) Beginning of year	(ii) End of year
Profit sharing	%	2.00 %
Loss sharing	%	2.00 %
Ownership of capital	%	2.00 %
Time devoted to business	%	none %

H IRS Center where partnership filed return ▶ Austin, TX

I What type of entity is this partner? ▶ Individual

J Partner's share of liabilities (see page 7 of Instructions):

	(i) Incurred before 1/1/77	(ii) Incurred after 12/31/76
Nonrecourse	$	$
Other	$	$

K Enter total amount of liabilities other than nonrecourse for which the partner is protected against loss through guarantees, stop loss agreements, or similar arrangements of which the partnership has knowledge:

Incurred before 1/1/77 $

Incurred after 12/31/76 $

L Partner's share of any pre-1978 loss(es) from a section 465(c)(1) activity (i.e., film or video tape, section 1245 property leasing, farm, or oil and gas property) for which there existed a corresponding amount of nonrecourse liability at the end of the year in which loss(es) occurred $

M Reconciliation of partner's capital account:

a. Capital account at beginning of year	b. Capital contributed during year	c. Ordinary income (loss) from line 1b	d. Income not included in column c, plus non-taxable income	e. Losses not included in column c, plus nondeductible deductions	f. Withdrawals and distributions	g. Capital account at end of year
-0-	4,500	(281)				4,219

a. Distributive share item	b. Amount	c. 1040 filers enter the amount in column b on:
1 a Guaranteed payments to partner: (1) Deductible by the partnership		Sch. E, Part III
(2) Capitalized by the partnership		Sch. E, Part III
b Ordinary income (loss)	(281)	Sch. E, Part III
2 Additional first-year depreciation (Basis _____)		Sch. E, Part III
3 Gross farming or fishing income		Sch. E, Part IV
4 Dividends qualifying for exclusion		Sch. B, Part II, line 3
5 Net short-term capital gain (loss)		Sch. D, line 3, col. f or g
6 Net long-term capital gain (loss)		Sch. D, line 10, col. f or g
7 Net gain (loss) from involuntary conversions due to casualty or theft		Form 4684
8 Other net gain (loss) under section 1231		Form 4797, line 1
9 Net earnings (loss) from self-employment		Sch. SE, Part I or Part II
10 a Charitable contributions: 50% _____ 30% _____ 20% _____		Sch. A, line 21 or 22
b Other itemized deductions (attach list)		See Sch. A
11 Expense account allowance		
12 Jobs credit		Form 5884
13 Taxes paid by regulated investment company		Form 1040, line 61, add words "from 1065"
14 a Payments for partner to a Keogh Plan (Type of plan ▶ _____)		Form 1040, line 26
b Payments for partner to an IRA		Form 1040, line 25
c Payments for partner to Simplified Employee Pension (SEP)		Form 1040, line 26

LP 00689

LAW OFFICES
WILLIAMS & CONNOLLY
725 TWELFTH STREET, N W
WASHINGTON, D C 20005
(202) 434-5000
FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R. CONNOLLY (1922-1978)

DAVID E KENDALL
(202) 434-5145

May 24, 1996

VIA HAND DELIVERY

The Honorable James A. Leach
Chairman
Committee on Banking and Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515-6050

Dear Mr. Chairman:

I am forwarding to you herewith a report entitled "Review of Clinton Tax Adjustments Proposed by the House Committee on Banking and Financial Services," which has been prepared by a distinguished panel of tax experts in response to the report signed by Donald Alexander and released by your Committee staff in August 1995.

The authors of this report are highly regarded tax experts with impeccable credentials. Sheldon S. Cohen is a former Commissioner of Internal Revenue under President Johnson and is now in private practice in Washington, D.C. John S. Nolan is a former Deputy Assistant Secretary for Tax Policy in the United States Treasury Department under President Nixon and a former Chairman of the American Bar Association Section of Taxation. He currently is in private practice in Washington, D.C. Jerome Kurtz, a former Commissioner of Internal Revenue under President Carter, currently is a Professor at New York University School of Law and Director of the Graduate Tax Program there.

The Review analyzes the tax deficiencies alleged in the Alexander Report and concludes that they are overwhelmingly erroneous or unsupported. The Review found certain minor errors.

As the Review points out, the Clintons have no obligation whatsoever to make any corrections now, since the applicable statutes of limitation have long since run. Nonetheless, in accordance with their previous pledge to do so, they have repaid, with interest, the appropriate amounts. On May 1, 1996, the Clintons contributed $2,910 to the Bureau of the Public Debt, representing $1,283 in federal taxes and $1,627 in interest, and $455 to Arkansas Children's Hospital (Arkansas has nothing analogous to the Bureau of the Public Debt), representing $246 in state taxes and $209 in interest.

In making these payments the Clintons have made no adjustment for Whitewater-related tax benefits they could have but did not take (indeed, the experts noted that this investment had not been structured as a device to save taxes). Such adjustments would have substantially offset the corrections the Clintons have voluntarily made pursuant to the finding of the Review. Specifically, the Clintons made additional payments for the benefit of the Whitewater Development Company from their own funds: $291 in real estate taxes paid in 1989; $345 in franchise taxes paid in 1990; and $2,839 for company tax accounting work to prepare and file three years of back corporate tax returns, paid in 1991. They were never reimbursed for these payments and did not take any deduction for them. Given the company's financial condition at the time, the Clintons reasonably could have taken the position that these payments were not contributions to capital but rather expenditures to protect the investment and their own creditworthiness, which were therefore deductible.

Sincerely,

David E. Kendall

DEK/law

Enclosure

cc: The Honorable Henry B. Gonzalez

We conclude that the position taken in the Leach Report is in error based on the following four reasons. First, Charles James' July 31, 1980 entry on WDC's working papers approximately one year after the formation of WDC does not govern the treatment of this $2,400 payment by Mr. and Mrs. Clinton.[15/] Second, Mr. and Mrs. Clinton were entitled to deduct interest payments made by them on the acquisition loans for which they were personally liable. Third, there is no evidence that Mr. or Mrs. Clinton intended to lend funds to WDC in the amount of $2,400, or that anyone acting on behalf of WDC, with the authority to do so, committed WDC to repay this amount to Mr. or Mrs. Clinton. There was no promissory note, debt repayment and nothing in the corporate minutes to suggest that a debtor-creditor relationship was created with respect to this amount. Fourth, in 1982, the Internal Revenue Service ("IRS") audited Mr. and Mrs. Clinton's 1979 federal income tax return, specifically examining the interest deductions, among other items. According to a 1994 letter from James E. Donelson, District Director of the Little Rock, Arkansas district, the IRS did not make any changes to Mr. and Mrs. Clinton's 1979 return. The IRS audit tends to confirm the propriety of the $2,400 interest deduction.

C. 1980 -- $9,000 Interest Deduction

On August 23, 1980, Mrs. Clinton wrote a personal check in the amount of $9,000. Although the payee name was left blank, the check included a third-party endorsement by Citizens Bank of Flippin. Mr. and Mrs. Clinton's checkbook entry designates this check as a "land payment." On their 1980 federal income tax return, Mr. and Mrs. Clinton deducted the $9,000 as interest paid to James McDougal. Mrs. Clinton apparently believed the $9,000 to be an interest payment.[16/]

15/ See R. Shisler Farms, Inc. v. Comm., 33 T.C.M. (CCH) 635 (1974) (no indebtedness to transferor-shareholders established by an accountant's entry on the corporation's working papers which indicated that the corporation owed an amount to its shareholders); Taub v. Comm., 30 T.C.M. (CCH) 669 (1971) (accountant's entry on corporation's books indicating shareholder contribution and shareholder indebtedness 18 months after the corporation was formed did not create a loan between the shareholder and the corporation).

16/ Page 5 of the Patten McCarthy Letter describes a telephone conversation between James Lyons and Mrs. Clinton on March 18, 1992, in which Mrs. Clinton "reaffirmed that she believed that [the $9,000] was an interest payment."

CONFIDENTIAL

$ 20,000.00 2106399 LOAN # 0004197 June 19 78

UNION NATIONAL BANK OF LITTLE ROCK

PROMISSORY NOTE

For value received the undersigned, jointly and severally, promise to pay on demand to the order of UNION NATIONAL BANK OF LITTLE ROCK (hereinafter called "Bank") at its office in Little Rock Arkansas, the principal sum of Twenty Thousand and No/100 DOLLARS, or if no demand, then on or before [illegible] days after 10 from date, with interest from date until maturity at the rate of [illegible] per maturity per cent per annum, interest payable [illegible] and after maturity at the highest legal rate

The makers, endorsers, guarantors and sureties of this note hereby waive presentment for payment, notice of non-payment and protest, and consent that the time of payment may be extended without notice, and do further agree to pay to holder a reasonable attorney's collection fee in an amount not to exceed ten per cent of the principal plus interest due, if this note is not paid at maturity; and to secure the payment of this and any other obligation of the undersigned to Bank, due or to become due, the makers hereby deliver to Bank and its assigns, holder of the same (Bank, its assigns, holder—all being collectively called "Holder") under pledge as security hereof, and grant a security interest in, the collaterals below listed and/or listed on a Collateral Pledge and/or a Security Agreement [illegible] even date herewith.

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

AMOUNT FINANCED	$ 20,000.00
FINANCE CHARGE	$ 2,000.00
TOTAL OF PAYMENTS	$ 22,000.00
ANNUAL PERCENTAGE RATE	10 %

Undersigned acknowledges receipt of a duplicate copy of this note and disclosure statement

William Clinton

James R. McDonough

THIS IS A COPY AND IS RETAINED BY PAYEE AS PROOF OF DISCLOSURE REQUIRED BY REGULATION Z. FORM 316-SM

1406 Cantrell				1
LittleRock , Arkansas				2
72201				3
				4
HDD		N	6/19/79	5

DKRT900145

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL

20,000.00 Acct 2106399 LOAN # 0004197 December 17 19 79

UNION NATIONAL BANK OF LITTLE ROCK

PROMISSORY NOTE

For V[illegible] received, the undersigned, jointly and severally, promise to pay on demand to the order of UNION NATIONAL BANK OF LITTLE ROCK (hereinafter called "Bank"), at its office in Little Rock, Arkansas, the principal sum of Twenty Thousand and No/100 DOLLARS

or if no demand, then on or before 13 days from date, with interest from date until maturity at the rate of At Maturity per cent per annum, interest payable and after maturity, at the highest legal rate

The makers, endorsers, guarantors and sureties of this note hereby waive presentment for payment, notice of non payment and protest, and consent that the time of payment hereof may be extended without notice, and do further agree to pay to holder a reasonable attorney's collection fee in an amount not to exceed ten per cent of the principal plus interest due, if this note is not paid at maturity, and to secure the payment of this and any other obligation of the undersigned to Bank, due or to become due, the makers hereby deliver to Bank and its assigns, holders of the same (Bank, its assigns, holder—all being collectively called "Holder") under pledge as security and grant a security interest in, the collaterals below listed and/or listed on a Collateral Pledge and/or a Security Agreement of even date herewith:

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

AMOUNT FINANCED $ 20,000.00

FINANCE CHARGE $

TOTAL OF PAYMENTS $

ANNUAL PERCENTAGE RATE 13 %

Undersigned acknowledges receipt of a duplicate copy of this note and disclosure statement

/s/ William Clinton
William Clinton

/s/ James B. McDougal
James B. McDougal

MAKERS COPY OF DISCLOSURE FORM 214 SM

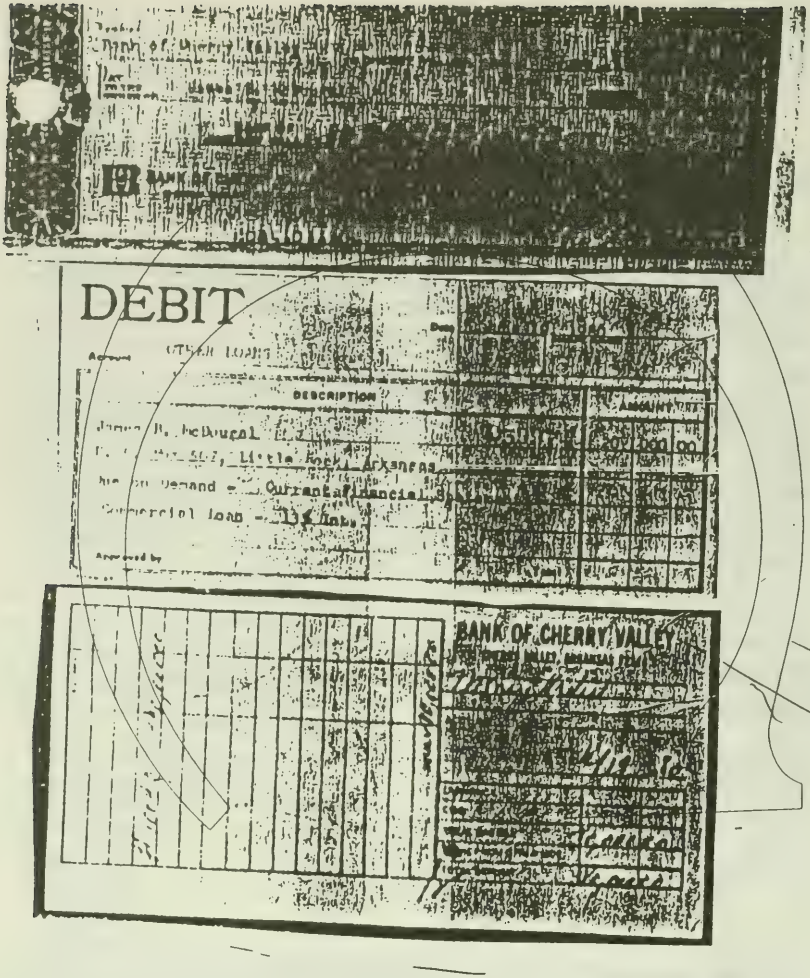
c/o James B. McDougal

1317 Cantrell Road			1
Little Rock, Arkansas			2
72201			3
APPROVED BY			4
HDD		R	06-16-80	5

DKRT900155

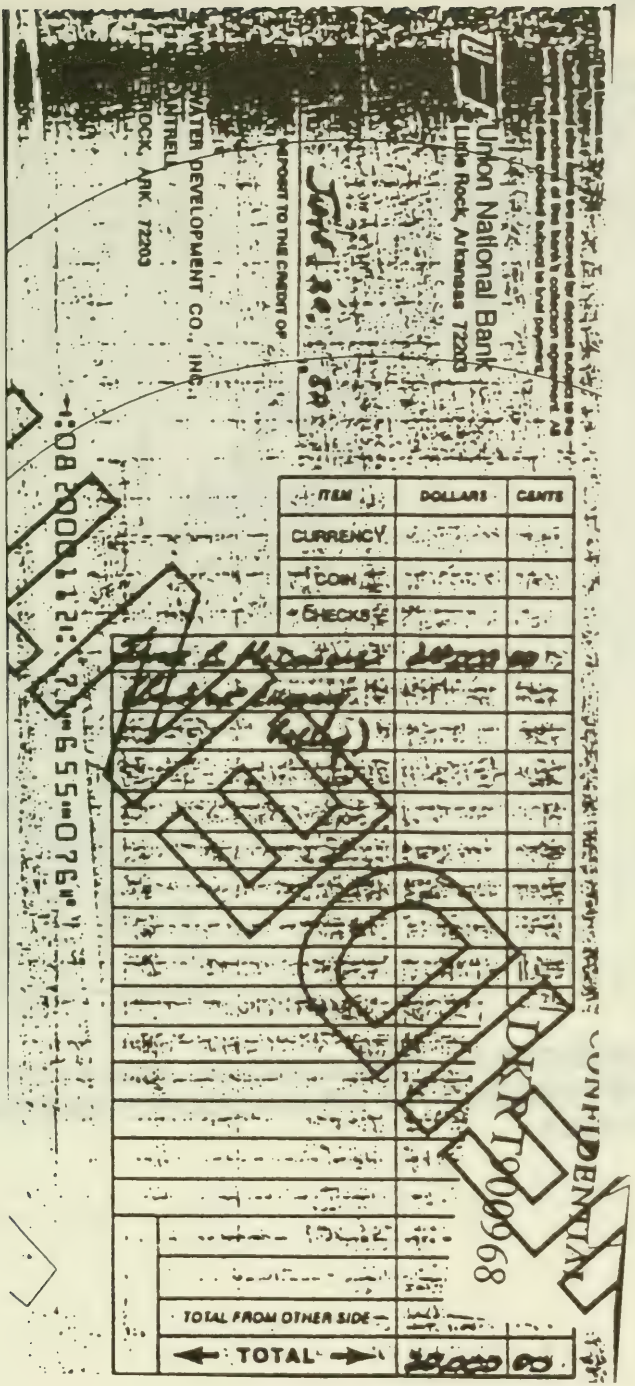
CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



BCV 0002
HOUSE W/W RPT. 3890

CONFIDENTIAL—PRODUCED BY THE RTC TO THE
HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES


Union National Bank
Little Rock, Arkansas 72203
ITEM
DOLLARS
CENTS
CURRENCY
COIN
CHECKS
TOTAL FROM OTHER SIDE
TOTAL
WATER DEVELOPMENT CO., INC.
ENTRELL
OCK, ARK. 72203
DEPOSIT TO THE CREDIT OF
DKRT00968

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

expenditure. Accordingly, we sustain the respondent thereon.

The next three items consist of jewelry purchases in the amount of $108, and an item in the amount of $143.78 for work performed at the building in which Bristol kept its office. Without going into the evidence in further detail, we find that no part of these amounts was expended for purposes personal to petitioner.

The next item is rental for a safe deposit box, which was in petitioner's name. Both personal papers of petitioner and corporate papers of Bristol were kept there during 1945. Bristol paid the annual rental of $12. We find that one-half of that amount, or $6, was paid for the personal use by petitioner of that box.

Petitioner could not recall with any fair degree of certainty or conviction the nature of the remaining four items, totalling $110.25. We do not know what their true nature may be, or whether in fact they were personal or corporate in purpose. The evidence simply shows that they represented department store purchases of several small "petal rugs" and some cloth. On the record as it stands, we must hold that petitioner has failed to carry his burden of proof, and, accordingly sustain respondent's determination as to these items.

[n] Earnings and profits. In attributing the foregoing items to petitioner, the Commissioner has described them in his determination as "constructive dividends" paid by Bristol. Petitioner now attempts to raise the question whether the corporation had sufficient earnings and profits to support distributions of taxable dividends in the amounts reflected in these items. We think the point is without merit. In the first place, apart from the issue of fraud, the burden of proof is upon the petitioner, and if the question is properly before us it is incumbent upon him to show the insufficiency in corporate earnings and profits. This he has not done. To the contrary, the record contains evidence which strongly supports the conclusion that there were sufficient earnings and profits. Petitioner himself testified that Bristol had net income in the amount of $87,823.13 for its fiscal year ending November 30, 1945, and his own income tax return for 1945, which is before us, is persuasive evidence that such earnings were not otherwise paid out as dividends. We are fully satisfied, even for purposes of the fraud issue decided hereinafter, that Bristol had earnings and profits in an amount sufficient to cover the "constructive dividends" which the Commissioner attributed to petitioner, and we so find as a fact.

Moreover, it would seem that the amounts expended by Bristol for petitioner's benefit would constitute income to him, regardless of whether it had "earnings and profits". The existence of corporate "earnings and profits" is significant only where the payment must be classified as a dividend in order to be taxable. In the instant situation it is questionable whether it was necessary for the Commissioner to describe these items as "constructive dividends". A diversion of corporate funds by the dominant stockholder and officer of a corporation has been held to constitute income regardless of whether it may be classified as a dividend, and taxability to him therefore need not turn upon the existence of corporate earnings and profits. Such is the square holding of Davis v. United States, 226 Fed. (2d) 331 (C.A. 6), certiorari denied, - U.S. -. Accordingly, it probably was entirely unnecessary for the Commissioner to characterize these items as "constructive dividends". However, in view of our finding that there were sufficient corporate earnings and profits, the point need not be reached.

Under section 61(a)(12) of the Internal Revenue Code (Code), gross income includes income from discharge of indebtedness. Section 108(e)(4)(A) provides that for purposes of determining income from discharge of indebtedness, to the extent provided in regulations prescribed by the Secretary, the acquisition of outstanding indebtedness by a person bearing a relationship to the debtor specified in section 267(b) or 707(b)(1) from a person who does not bear such a relationship to the debtor is treated as the acquisition of such indebtedness by the debtor. Thus, to the extent required by section 61(a)(12) and section 108, the debtor realizes discharge of indebtedness income upon the acquisition of its debt at a discount by a related party from an unrelated party.

Section 108(e)(4) was enacted by section 2(a) of the Bankruptcy Tax Act of 1980 (Pub. L. No. 96-589, 94 Stat. 3389, 3392) to prevent taxpayers from avoiding discharge of indebtedness through acquisitions of outstanding indebtedness by related parties. The legislative history notes that, under prior law, "a related party (such as the parent corporation of a debtor) can acquire the taxpayer's debt at a discount and effectively eliminate it as a real liability to outside interests, but the debtor thereby avoids the tax treatment which would apply if the debtor had directly retired the debt by repurchasing it." H. Rep. No. 96-833, 96th Cong., 2d Sess. 9 (1980); S. Rep. No. 96-1035, 96th Cong., 2d Sess. 10 (1980) (the Senate Report).

Public Comments

A significant number of comments were received from the public on the scope and content of the proposed regulations. The following discussion summarizes the principal comments made, as well as the changes made in the final regulations in response to those comments.

Direct and Indirect Acquisitions

Under the proposed regulations, section 108(e)(4) applies if indebtedness is acquired in a direct acquisition or an indirect acquisition. A direct acquisition occurs where a person related to the debtor acquires the indebtedness from a person unrelated to the debtor. An indirect acquisition is a transaction in which a holder of outstanding indebtedness becomes related to the debtor, if the holder acquired the indebtedness in anticipation of becoming related to the debtor.

The final regulations provide that the Service may exclude certain transactions from the definition of a direct acquisition through the issuance of subsequent published guidance. In response to comments received, the Service intends to study the extent, if any, to which a direct acquisition should not occur if the indebtedness and an ownership interest in the debtor are acquired together from the same person, and that person was related to the debtor immediately prior to the transaction.

Some commentators argued that the Secretary does not have the regulatory authority to apply section 108(e)(4) to indirect acquisitions, particularly where the holder acquires the debtor (because the holder then retains the power to require payment of the debt). However, the Service and Treasury continue to believe that section 108(e)(4) applies to indirect acquisitions of the type covered by these regulations.

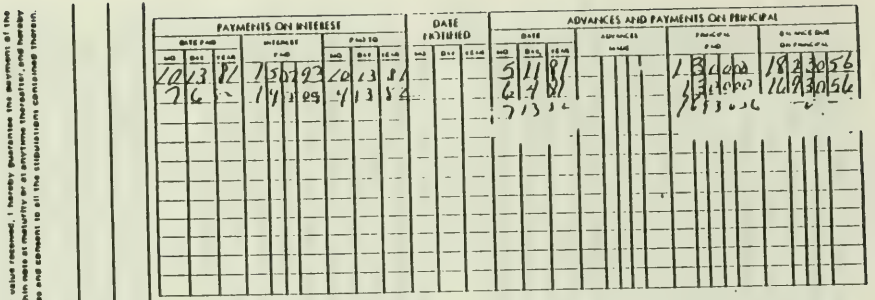
Background

On August 2, 1978, the McDougals and the Clintons purchased 230 acres of land in Marion County, Arkansas from 101 River Development, Inc. for $202,611.20. Payment for the purchase was made with the proceeds from a mortgage loan, in the amount of $182,611.20, which the purchasers obtained from Citizens Bank & Trust Company, Flippin, Arkansas, and a loan, in the amount of $20,000.00, taken out by Bill Clinton and James McDougal from Union National Bank, Little Rock, Arkansas. On September 30, 1979, the McDougals and the Clintons conveyed the property to WDC. However, the mortgage obligation associated with the property was not transferred to WDC and remained the obligation of the individuals on a joint and several basis. Similarly, the Union National Bank loan was not transferred to WDC and remained the obligation of Bill Clinton and James McDougal. The Clintons and McDougals each became 50% shareholders in WDC, which was incorporated on June 18, 1979, in the State of Arkansas, for purposes of developing the property and selling residential lots on escrow contracts. The parties contemplated that the sale of lots on escrow contracts would provide cash sufficient to service the acquisition debt and hopefully generate profits over time.

Pre-incorporation activities included the expenditure of funds for certain infrastructures (e.g., roads and grading), as well as interest expense on the acquisition financing. Following incorporation, the infrastructure costs were capitalized and amortized on the books of WDC, while the interest expense was capitalized as part of land costs and expensed as lots were sold. As noted above, the original acquisition financing remained the direct liability of the Clintons and the McDougals. Therefore, the transfer of the property to WDC resulted in loans recorded by WDC payable from WDC to the Clintons and the McDougals. However, no promissory notes were ever executed between WDC and the Clintons and McDougals. The capital accounts of the Clintons and McDougals were credited for $500 each from the pre-incorporation expenditures.

It is our understanding that the Clintons were not active in the management of WDC. The McDougals assumed that responsibility along with the responsibility for the books and records, including bank accounts. The McDougals apparently engaged Chris Wade of Ozarks Realty to market the lots, handle the escrow contracts and account for the proceeds to WDC. Ozarks Realty continues to perform this function, although application of revenue to debt service has been irregular and Ozarks Realty has not furnished a complete accounting. In 1985, substantially all of the assets of WDC were sold to Ozark Air Service, Inc.

It is our understanding that since the inception of this venture and at the request and instruction of the McDougals, the Clintons have made various loan payments (principal and interest) and other cash advances to WDC.



For value received, I hereby guarantee the payment of the within note at maturity or at anytime thereafter, and hereby agree and consent to all the stipulations contained therein.

PAYMENTS ON INTEREST

DATE PAID			INTEREST PAID			PAID TO		
MO	DAY	YEAR				MO	DAY	YEAR
10	13	82	1	350	93	10	13	81
2	6	83	1	4	29	4	13	82

DATE NOTHING

ADVANCES AND PAYMENTS ON PRINCIPAL

DATE			ADVANCES MADE	PAID	ON ACCOUNT OF PRINCIPAL
MO	DAY	YEAR			
5	11	81			
6	4	82	713		
				1	19,530 56
				713	18,817 56

1482

DKSN021879

NAME James B. McDougal

ADDRESS ~~P. O. Box 509~~ 119 Kingston 72742

~~Little Rock~~, AR. 72203

No. 19600

CHERRY VALLEY, ARKANSAS, April 13, 19 81

$ 19,530.56

DUE DATE Demand

NOTE NO

PAYMENT EXTENDED TO ____ 19 ____

TO ____ 19 ____

RENEWAL OF NOTE NO

Credit Life & Accident & Health Ins are voluntary and not required for loan

Does the loan call for balloon payment? NO

SIGNED

DATE ____ 19 ____

Demand

Promise to pay to the order of:

After date, for value received, the undersigned Borrower(s), jointly and severally

BANK OF CHERRY VALLEY

AT ITS BANKING HOUSE IN CHERRY VALLEY, ARKANSAS

Nineteen Thousand Five Hundred Thirty & 56/100 DOLLARS

with interest thereon from Date until paid, at the rate of 17 per cent per annum,

interest payable Interest payable every six months

PROCEEDS	PREPAID FEES		AMOUNT FINANCED	FINANCE CHARGE	TOTAL OF PAYMENTS	ANNUAL PERCENTAGE RATE
$ 19,530.56	$	$	$ 19,530.56	$ 1,660.10	$ 21,190.66	17 %

Security Interest: Borrower grants to Lender a security interest in

F. S. (Business)

At the Holders option, this note may become immediately due and payable for the entire unpaid principal plus accrued interest without notice upon the occurrence of any of the following events. Any default in the payment of this note or breach of any security agreement other notes other obligations other instruments, other agreements heretofore contemporaneously or hereafter given to or held by Holder hereof, if the Holder hereof deems itself insecure, or if there is such a change in the condition or affairs, financial or otherwise of any maker, co maker endorser surety, or guarantor that in

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRTM 500

FINANCIAL STATEMENT

BILL CLINTON & HILLARY RODHAM

ASSETS		LIABILITIES	
A. Real Estate			
(1) Home, 816 Midland Little Rock 72205	$115,000	Mortgage on 816 Midland Little Rock 72205	$ 53,000
(2) House, 930 Calif. Dr. Fayetteville 72701	45,000	Mortgage on 930 Calif. Dr. Fayetteville 72701	16,500
(3) Land in Marion Cty., 200 acres & House		Note on land Note on house on land	
B. Personal Property			
(4) Stocks & Securities	45,000		
(5) Savings & Checking Accounts	3,000		
(6) 1979 Oldsmobile, 1981 Citation	13,000	Debt on Citation	7,000
(7) Furniture, Jewelry, etc.	20,000		
(8) Insurance--$10,000 Life Policy bought in 1964 from Metropolitan Life, Cash Value			
		(9) General Debt Note, Citizens Bank of Jonesboro	5,000

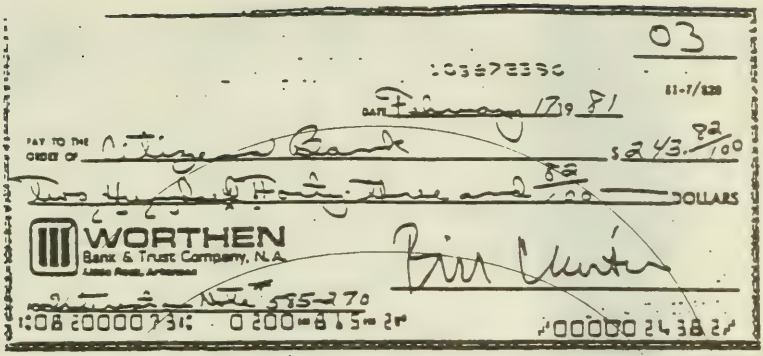
I certify that, to the best of my knowledge, this information is complete and accurate as of this date.

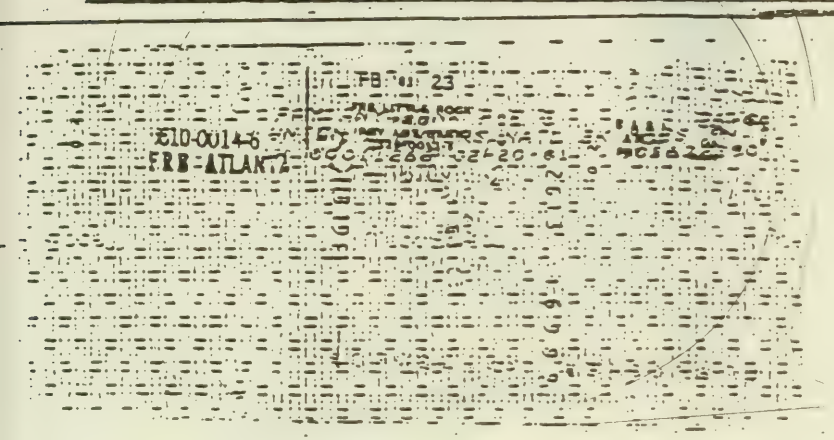
Bill Clinton

Bill Clinton

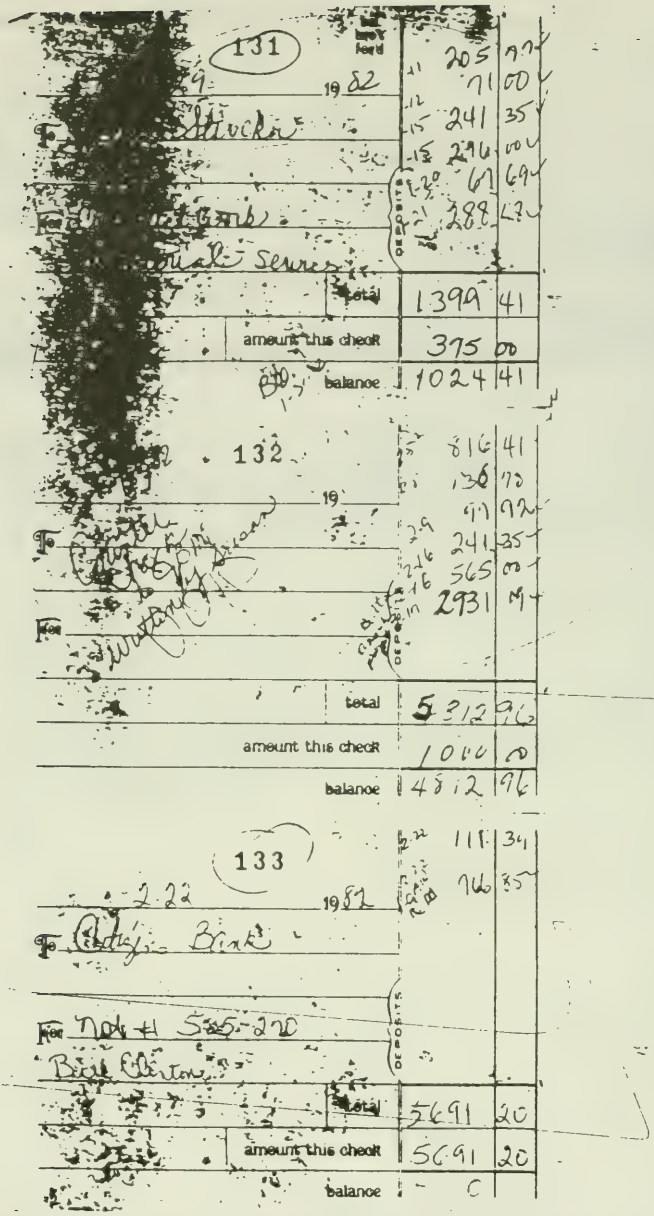
5/21/81

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES


03
1:103672336:
11-7/820
DATE January 29 81
PAY TO THE ORDER OF A. Finance Bank $243.82/100
Two Hundred Forty-Three and 82/100 DOLLARS
WORTHEN Bank & Trust Company, N.A. Little Rock, Arkansas
Bill Clinton
For Note 585-270
1:082000073: 0200-8159 2" 00000243822


FEB 01 23
LITTLE ROCK
ARKANSAS
ATLANTA
ED-00146
FRB-ATLANTA

BL011114


131
19 82
To Stucker
For Bank
Quick Service
total 1399 41
amount this check 375 00
balance 1024 41
205 71
71 00
241 35
296 00
61 69
288 47
132
19
To Cash
For Mutual
816 41
136 70
91 92
241 35
565 00
2931 38
total 5312 96
amount this check 1000 00
balance 4312 96
133
2-22
19 82
To Cash - Bank
For Note + Int 525.20
Bank Charges
111 34
96 35
total 5691 20
amount this check 5691 20
balance 0



Madison Bank and Trust

101 PUBLIC SQUARE · KINGSTON, ARKANSAS 72742

RECEIVED MAR 2 1982

March 1, 1982

Bill Clinton
P. O. Box 625
Little Rock, Arkansas 72203

Dear Bill:

I have paid from Whitewater Development Corporation the note you owed Citizens Bank of Jonesboro. You are correct in your belief that the sum of money borrowed was a part of your investment in Whitewater.

I thought you had a good write up on your announcement for office.

With every good wish, I am

Sincerely yours,

Jim McDougal

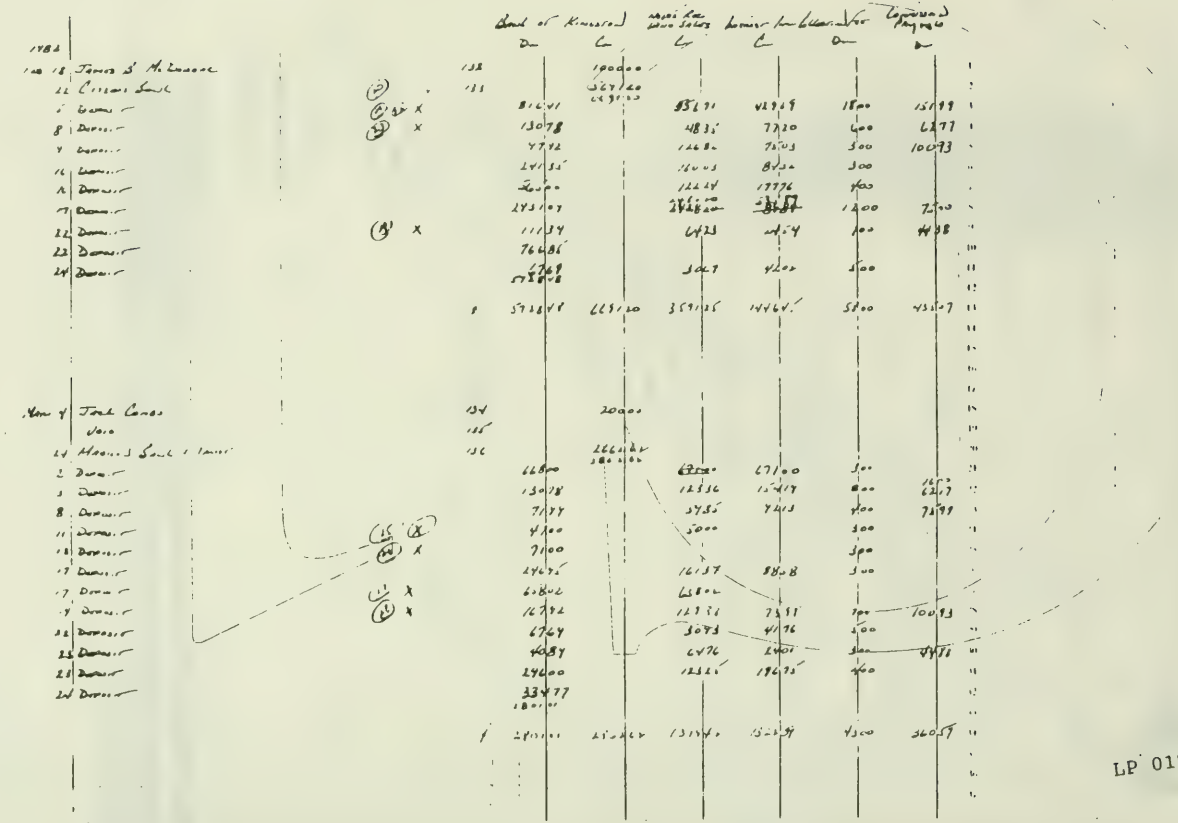
JM:ks

Reply to Hillary.

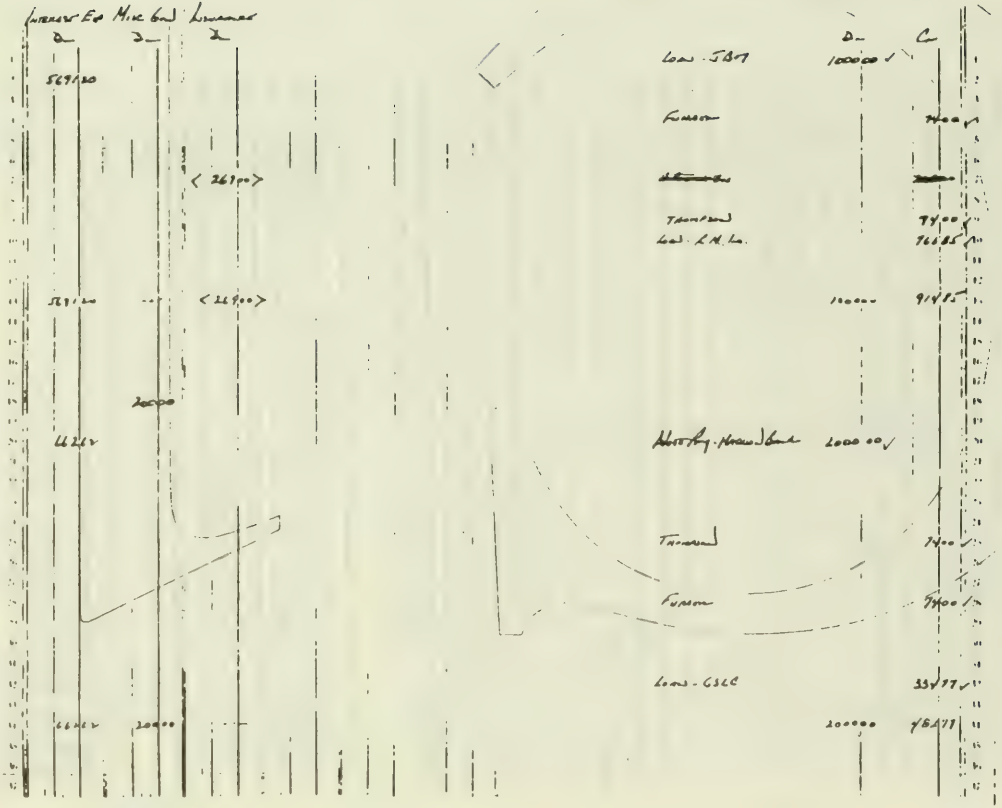
CONFIDENTIAL

DKRT400989

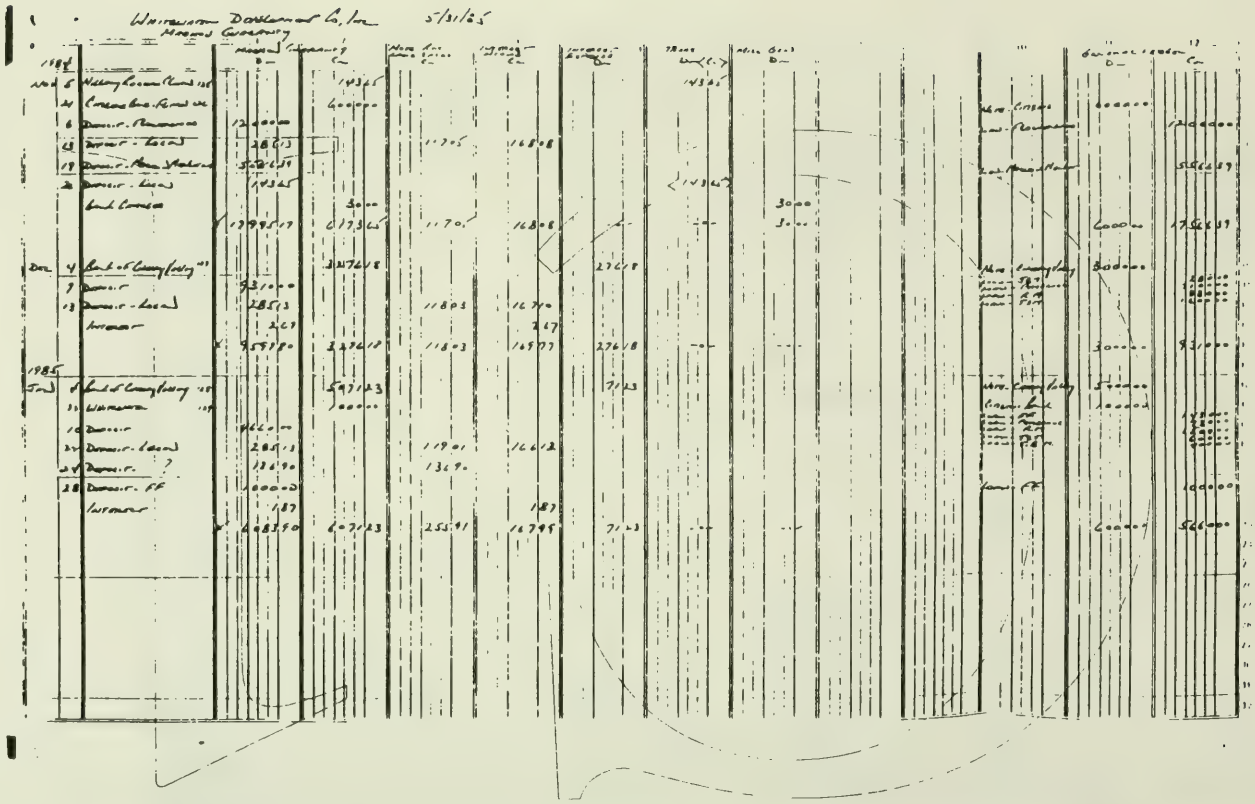
CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES



LP 01981



LP 01982



1440

LP 02018

4. On August 23, 1980, Hillary Clinton wrote a check in the amount of $9,000, with the identification of the payee left blank. There were no third-party endorsements, other than the stamp of Citizens Bank & Trust. The Clintons claimed the $9,000 as an interest deduction on their 1980 tax return. In our telephone conversation with her and you on March 18, 1992, she reaffirmed that she believed that it was an interest payment. Based on our reconstruction of the probable amortization of the mortgage loan at Citizens Bank & Trust, we believe the $9,000 went to reduce principal. However, it is also our opinion that the amount paid may have represented the reimbursement to the McDougals for the previously unreimbursed interest component of the $11,032.50 discussed in paragraph 3., above. Thus, the amount claimed as an interest deduction by the Clintons would be appropriate. The fact that the McDougals may have tendered the check to Citizens Bank & Trust as a principal reduction on the loan would not affect the nature of the financial transaction as between the Clintons and the McDougals. However, if data or information which may be subsequently provided proves otherwise, the Clintons may have realized a marginal tax benefit in the amount of $4,816, excluding interest.

5. In December, 1980, WDC somehow caused the release of certain property from the existing mortgage and transferred it to Hillary Clinton, who provided $30,000 of additional funds to WDC which was recorded as a loan payable to her by WDC. The source of these funds was a loan from the Madison Bank & Trust ("MBT"), secured by the transferred property. In December 1981, the property was sold to an unrelated third party on an escrow sales contract. WDC collected the contract payments and made payments to MBT, reducing the loan payable accordingly.

On September 30, 1983, the loan was refinanced at Security Bank of Paragould ("SBP") at a lower interest rate. In fiscal years ended May 31, 1985 and 1986, WDC claimed interest deductions in the amounts of $2,811 and $2,322, respectively. In calendar years 1984 and 1985, the Clintons also claimed these same interest deductions based on the receipt of an interest paid statement from SBP. However, it appears that WDC was entitled to and, in fact, did claim these deductions. Thus, it appears that the Clintons' interest deductions were in error and a marginal tax benefit may have been realized in the amount of $2,156, excluding interest.

In 1987, the third-party purchaser defaulted, was foreclosed on and went into bankruptcy. Hillary Clinton then purchased the property from the bankruptcy estate for $8,000 and assumed the responsibility for the remaining loan balance. The property was ultimately sold in 1988 for a net taxable gain of $1,640, the computation of which we believe to be correct.

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company

The New York Times

August 6, 1995, Sunday, Late Edition - Final

SECTION: Section 1; Page 20; Column 1; National Desk

LENGTH: 1687 words

HEADLINE: Whitewater Papers Cast Doubt on Clinton Account of a Tax Underpayment

BYLINE: By JEFF GERTH and STEPHEN LABATON

DATELINE: WASHINGTON, Aug. 5

BODY:

In March 1992, Bill Clinton, running for President, acknowledged that he and his wife, Hillary, had improperly claimed tax deductions for interest payments that had actually been made by the Whitewater Development Company, not by themselves. Mr. Clinton and his aides said the couple's accountant had simply made a mistake, and he pledged to reimburse the Government.

But no payment was made to the Government until almost two years later, on Dec. 28, 1993.

A few days before that reimbursement, Justice Department investigators had begun seeking the Clintons' Whitewater files. Those files, some of them made public by the White House on Friday, contained letters that now cast doubt on Mr. Clinton's account of the deductions: they show that Mrs. Clinton knew that the company had made the payments for which she and her husband later claimed the deductions, on their 1984 and 1985 tax returns.

The Clintons were not legally obligated to reimburse the Government for any error that old. They never announced the payment and did not file an amended tax return, choosing instead to quietly send a check for $4,900 to the Treasury Department's Bureau of the Public Debt.

In a prepared statement issued on Friday in response to a reporter's questions, the couple's personal lawyer, David E. Kendall, described the payment but declined to discuss the reason for the 22-month delay. He noted that it would have been less expensive if the Clintons had made the payment earlier; most of the $4,900 was interest on the tax underpayment.

A cryptic 1993 letter in a file found in the office of Vincent W. Foster Jr. after his suicide indicates a plan, never realized, for the Clintons' 1992 tax return to correct "an erroneous tax deduction" taken earlier.

Mr. Foster, deputy White House counsel, worked on the Clintons' 1992 return. In the letter, written on April 5, 1993 -- 10 days before the return was due -- he told another Clinton lawyer that an improper deduction related to Whitewater "was intended" to be corrected on it. No such correction ever appeared on the return, though.

Asked about Mr. Foster's letter, Mr. Kendall said in his prepared statement that "we cannot now ascertain what was meant by that vague reference." Mr.

Kendall's statement did not address a question that had also been put to him, as to whether Mrs. Clinton had been involved in decisions about how to correct the deductions.

In a note found in one of his files, Mr. Foster, long after Mr. Clinton had publicly acknowledged error in the matter, appeared to be still troubled by the Clintons' having taken deductions for payments that had actually been made by the corporation. The scribbled note spoke of the "propriety of taking" personal interest deductions "for debt which should be corp."

At issue were payments made on one of the loans obtained to finance land purchases and improvements by Whitewater, the Arkansas land venture in which the Clintons joined with James and Susan McDougal in 1978. The partners hoped to quickly resell the lots, but the real estate market sagged, interest rates soared, and the company's losses mounted along with its loan payments.

In a sworn statement that was among the documents made public by the White House on Friday, Mrs. Clinton told investigators for the Government's Resolution Trust Corporation earlier this year that she had always expected that Whitewater would be responsible for repaying the loan in question. She also said that whenever tax issues had arisen over Whitewater, she or the Clintons' accountant had obtained the relevant information from the McDougals.

Also included in the documents released on Friday were letters from the Whitewater file sought by the Justice Department in late 1993. Among the letters is one dated Oct. 4, 1984, in which Mr. McDougal, at Mrs. Clinton's request, forwarded a Whitewater corporate check for her to send to the bank to pay interest and principal on a loan that Mr. Clinton had obtained in connection with the Whitewater operation.

Although the improper deductions were relatively small, they are part of a broader pattern. Almost all the Clintons' $42,000 investment in Whitewater was deducted on their personal tax returns as interest payments even though, according to questions raised later by Mr. Foster and others who tried to reconstruct Whitewater's tangled finances, the couple may not have been entitled to several of those deductions.

Mr. Kendall asserts that the Clintons' tax returns are correct except for the interest deductions in 1984 and 1985. It remains unclear why the reimbursement to the Government for the tax underpayment was delayed so long, but Mr. Kendall denies that there was any effort to hide it.

The Clintons have said the mistake arose because their accountant relied on the lending bank's statements, which did not identify who had made the interest payments.

But a tax lawyer who has reviewed the newly public documents said this defense would not have met Internal Revenue Service standards dealing with negligence penalties. The lawyer, Lee A. Sheppard, a contributing editor of Tax Notes, widely regarded as the leading journal on tax matters, said Mrs. Clinton should have known better than to take the deductions. As a corporate lawyer, Mrs. Clinton would have been held to a higher standard of care than the average taxpayer, added Ms. Sheppard, who analyzed the Clintons' taxes in connection with a coming article in the journal.

"She can't avoid negligence penalties by blaming the problems on her accountants," Ms. Sheppard said. "A judge would say that reliance was unreasonable and she should have known better than to take those interest deductions."

From Whitewater's beginning in 1978, just before Mr. Clinton was first elected Governor of Arkansas, he and his wife sought tax advantages from the venture. That year they took an interest deduction of $10,130, even though that "interest on the Whitewater debt was only partially due in 1978," according to a report prepared recently for the R.T.C.

And in 1980, the Clintons wrote a check for $9,000 that was used to reduce the principal on Whitewater's main bank debt, according to the R.T.C. report. On that year's tax returns the Clintons deducted the $9,000 as an interest payment to Mr. McDougal, a claim whose appropriateness was questioned by Clinton campaign accountants in 1992.

The deductions that led to the back tax payment by the Clintons in late 1993 also have their roots in 1980, when Mrs. Clinton, acting as a surrogate for Whitewater, borrowed $30,000 from a bank controlled by Mr. McDougal. The loan was to pay for a model prefabricated house to help market Whitewater's lots.

As part of the transaction, Mrs. Clinton took title to the land on which the house would sit, Lot 13. The next year the property was sold. Payments on the loan continued to be made by Whitewater, a fact emphasized by Mrs. Clinton when she responded in 1982 to a past-due notice from the bank. "I ask that you speak with Mr. or Mrs. McDougal, who have made all the arrangements for this loan," she wrote, according to the R.T.C. report. "It has been my understanding that the loan has been paid out of proceeds from sales by the White Water Development Corporation."

The next year Mrs. Clinton's bank loan was retired with $20,800 that Mr. Clinton obtained from another institution, Security Bank in the town of Paragould, Ark.

The new loan faced the same troubles. In October 1984, after Mr. Clinton received a final payment notice from the bank, Mrs. Clinton wrote to Mr. McDougal, reminding him that the loan stemmed from the prefabricated house and asking him to take care of it.

He replied three days later, forwarding Mrs. Clinton a corporate check for $4,811 made out to Security Bank "to pay the interest and make a $2,000 principal reduction on the note," according to the R.T.C. report. He reminded Mrs. Clinton that "we receive monthly payments on the sale of the house and must use the proceeds to retire this note."

The Clintons nonetheless took a $2,811 interest deduction on their 1984 return.

In 1985, the Clinton loan at the Security Bank was past due again. This time Governor Clinton's state bank commissioner, Marlin Jackson, who owned Security Bank, acted as an intermediary to clean up the problem.

After talking to Mr. McDougal and Mr. Clinton, Mr. Jackson wrote the bank on Nov. 1, 1985, that Mr. McDougal would be sending a payment to cover the

interest as well as some principal. A $7,322 check on Whitewater's account was forwarded a few days later.

But on their 1985 tax returns the Clintons themselves deducted the $2,322 interest payment.

Over the next few years, with Whitewater no longer functioning, the Clintons took over the payments on this loan until they completed the sale of Lot 13 in 1988. They realized a profit of $1,600, which they reported on their tax return.

The tangled tale of Lot 13 did not surface again until 1992, when Mr. McDougal, in an interview with The New York Times, expressed irritation that he had put $100,000 more than the Clintons into Whitewater, including payments to the bank on Lot 13, and that Mrs. Clinton had then sold the lot for a profit to her and her husband.

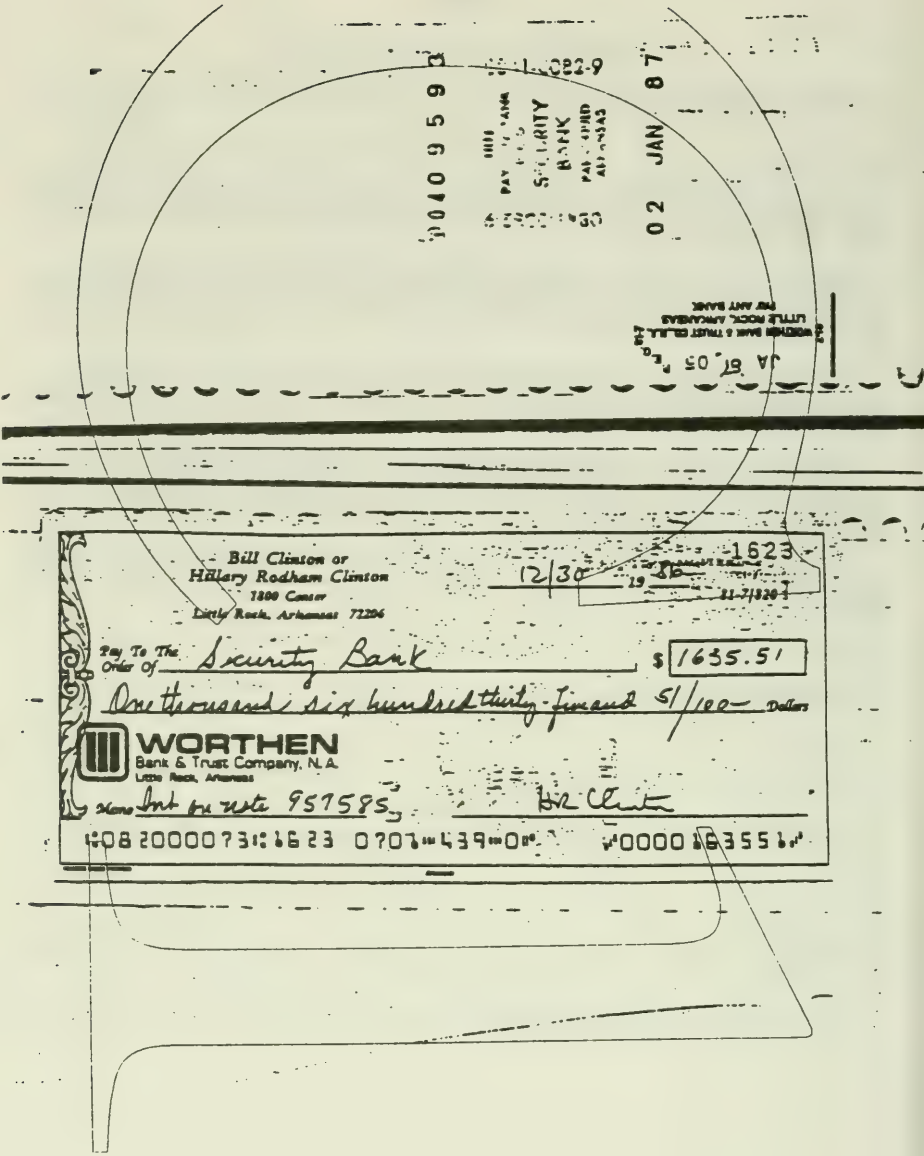
In response, the Clinton campaign assigned a team of accountants to review the venture's finances. The accountants interviewed Mrs. Clinton in March 1992, according to Mr. Foster's files, but it is not known whether they discussed her correspondence on the issue.

Later that year Mr. Foster became involved in cleaning up unresolved financial issues from Whitewater, including the payment of back taxes. But, according to an Arkansas associate of Mr. Foster who spoke on condition of anonymity, Mrs. Clinton had some reservations about paying any more money for anthing at all related to Whitewater.

According to Mr. Kendall, the matter was resolved on Dec. 28, 1993, when the couple made a payment of $4,900 to the Treasury. A payment was also made to an Arkansas charity, in the amount of $ 800: the sum of the state tax underpayment plus interest.

LANGUAGE: ENGLISH

LOAD-DATE: August 6, 1995


Bill Clinton or
Hillary Rodham Clinton
1800 Center
Little Rock, Arkansas 72206
12/30
19 86
1623
Pay To The Order of Security Bank
$ 1635.51
One thousand six hundred thirty-five and 51/100 Dollars
WORTHEN
Bank & Trust Company, N.A.
Little Rock, Arkansas
For Int re rate 957585
B R Clinton
:082000731: 1623 0707 439 00 0000 163551
0040959
1-082-9
SECURITY BANK
02 JAN 87

CLINTON 278 2335-14 05

SCHEDULES A&B (Form 1040)

Department of the Treasury Internal Revenue Service

Schedule A – Itemized Deductions

▶ Attach to Form 1040. ▶ See Instructions for Schedules A and B (Form 1040).

OMB No. 1545-0074

1986

Attachment Sequence No. 07

Name(s) as shown on Form 1040: WILLIAM J CLINTON & HILLARY RODHAM

Your social security number: 429-92-9947

Medical and Dental Expenses (Do not include expenses reimbursed or paid by others.) (See instructions on page 19)

1	Prescription medicines and drugs, and insulin	1		
2	a Doctors, dentists, nurses, hospitals, insurance premiums you paid for medical and dental care, etc.	2a		
	b Transportation and lodging	2b		
	c Other (list – include hearing aids, dentures, eyeglasses, etc.) ▶	2c		
3	Add lines 1 through 2c, and enter the total here	3		
4	Multiply the amount on Form 1040, line 33, by 5% (.05)	4		
5	Subtract line 4 from line 3. If zero or less, enter -0- Total medical and dental		▶ 5	

Taxes You Paid (See instructions on page 20.)

6	State and local income taxes	6	8,174.	
7	Real estate taxes	7		
8	a General sales tax (see sales tax tables in instruction booklet)	8a	1,071.	
	b General sales tax on motor vehicles	8b	529.	
9	Other taxes ▶ PERSONAL PROPERTY	9	52.	
10	Add the amounts on lines 6 through 9. Enter the total here. Total taxes		▶ 10	9,826.

Interest You Paid (See instructions on page 20)

11	a Home mortgage interest you paid to financial institutions	11a		
	b Home mortgage interest you paid to individuals (show person's name and address) ▶	11b		
12	Total credit card and charge account interest you paid	12	207.	
13	Other interest you paid (list) ▶ SECURITY BANK		1,636.	
	ROSE LAW FIRM		1,229.	
	ROSE BLDG. LTD PTRSHP.		1,760.	
	GMAC		563.	
		13		
14	Add the amounts on lines 11a through 13. Enter the total here. Total interest		▶ 14	5,395.

Contributions You Made (See instructions on page 21.)

15	a Cash contributions. (If you gave $3,000 or more to any one organization, report those contributions on line 15c.)	15a	12,251.	
	b Cash contributions totaling $3,000 or more to any one organization. (Show to whom you gave and how much you gave.) ▶	15b		
16	Other than cash. (Attach Form 8283 if over $500.) STMT 11 12	16	1,629.	
17	Carryover from prior year	17		
18	Add the amounts on lines 15a through 17. Total contributions		▶ 18	13,880.

Casualty and Theft Losses	19	Total casualty or theft losses. (You must attach Form 4684 or similar statement.) (See page 21 of instructions.)	▶ 19

Miscellaneous Deductions (See instructions on page 22.)

20	Union and professional dues	20		
21	Tax return preparation fee	21	350.	
22	Other (list type and amount) ▶ SEE STATEMENT 13	22	6,813.	
23	Add the amounts on lines 20 through 22. Enter the total here. Total miscellaneous		▶ 23	7,163.

Summary of Itemized Deductions (See instructions on page 22.)

24	Add the amounts on lines 5, 10, 14, 18, 19, and 23. Enter your answer here	24	36,264.
25	If you checked Form 1040 Filing Status box 2 or 5, write $3,670. Filing Status box 1 or 4, write $2,480. Filing Status box 3, write $1,835.	25	3,670.
26	Subtract line 25 from line 24. Enter your answer here and on Form 1040, line 34a (if line 25 is more than line 24, see the instructions for line 26 on page 22.)	▶ 26	32,594.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 1986

95-2398893

LP 00790

OF INTEREST PAID YTD

SECURITY BANK
P O BOX 870
PARAGOULD AR 72450

RECORD OF INTEREST PAID
ON LOAN ACCOUNT NO 0000066041
FOR YEAR ENDING 12/31/97

CLINTON, BILL
State Capitol
Little Rock, AR 72201

TOTAL INTEREST PAID 2,561.33

[redacted]

INTEREST PAID ON LOAN ACCOUNT 0000066041

MATURITY	ORIG-AMOUNT	RATE	INTEREST PAID
03/05/98	14,117.59	9.000	545.03
09/30/27	20,800.00	3.000	2,016.30

TOTAL INTEREST PAID 2,561.33

[redacted]

BL011121

STATEMENT 16 - COMPUTATION OF THE 1986 TAX LIABILITY

1986 TAX	30,548
GENERAL TAX CREDITS	63
1986 INCOME TAX AFTER CREDITS	30,485

STATEMENT 17 - PERSONAL INTEREST

CREDIT CARDS	21	
SECURITY BANK	2,561	
ROSE LAW FIRM	1,225	
FROM FORM 2106	655	
TOTAL PERSONAL INTEREST		4,462

STATEMENT 18 - NONCASH CONTRIBUTIONS

NONCAPITAL GAIN PROPERTY		
SALVATION ARMY	342	
CENTRAL HIGH SCHOOL	161	
DORCAS HOUSE	135	
UNION RESCUE MISSION	396	
FRIENDS OF CENTRAL AR LIBRARY	116	
TOTAL NONCAPITAL GAIN PROPERTY		1,150

LP 00858

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

WILLIAM CARROLL
C. DIXIE CLAY
GEORGE E. CAMPBELL
STUART C. RULE
C. THEODORE JONES
VINCE CHESTER, JR.
WEBSTER L. HUBBELL
ALLEN P. MAYS
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BLACK
TIM GOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. KEMP
RONALD H. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CHARLES W. BAKER
DAVID L. WILLIAMS
CAROL S. ARNOLD
JACKSON FARROW JR
LEE R. SALEDGE

JIM HUNTER BIRCH
R. DAVID THOMAS, JR.
KEVIN R. BURNS
RICHARD T. DONOVAN
RICHARD N. MASSEY
GARY N. SPEED
MICHAEL F. LAZE
M. ELIZABETH GOFF
SARAH C. HOOD
STEPHEN N. JOINER
D. MICHAEL BENNETT
THOMAS C. VAUGHAN, JR.
JAMES M. GRUFF
JAY F. SHELL
GORDON M. WILBOURN
JESS ASHEW, III
AMY LEE STEWART
DAVID A. SMITH
T. CRAIG JONES
J. SCOTT SCHALLHORN

J. GASTON WILLIAMSON
OF COUNSEL

November 7, 1988

Chris and Rosalee Wade
Ozarks Realty Co.
P. O. Box 700
Flippin, AR 72634

Dear Chris and Rosalee:

I wrote the bank, requesting that they give me any information they had as to the status of real estate taxes on the lots in Whitewater Estates. They said they did not have any of that information, which I found a little bit strange since I thought some of the escrow contracts called for proof of tax payment, but I could be wrong on that. Would you please contact the Marion County tax collector, Janie Sanders, and ask her if we could get copies of all the current real estate tax payments so that I would know who needs to be written to request payment? I would really appreciate your help on this.

With best regards, I am,

Sincerely yours,

Hillary

HILLARY RODHAM CLINTON

HRC:ckp

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DRAFT

CONFIDENTIAL

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309
U. M. ROSE
1934-1913

October 28, 1988

Ms. Rosalee Wade
Ozarks Realty Co.
100 Main Street
P.O. Box 700
Flippin, AR 72634

Dear Rosalee:

I am enclosing a check for $1,275.15 to reimburse the Ozarks escrow account. I appreciate you and Chris taking care of this for us.

I am also copying you on a letter I am sending to Wes Strange at First Ozark to see whether his records reflect whether or not the lot owners have been billed for these past taxes. As I explained to Chris on the telephone today, I did not have any records from Whitewater and do not know how else to determine whether or not the lot owners were billed. Do you have any ideas as to how else we could follow up on this if the bank also had no records?

I appreciate all that you are doing to help. With best regards, I am

Sincerely yours,

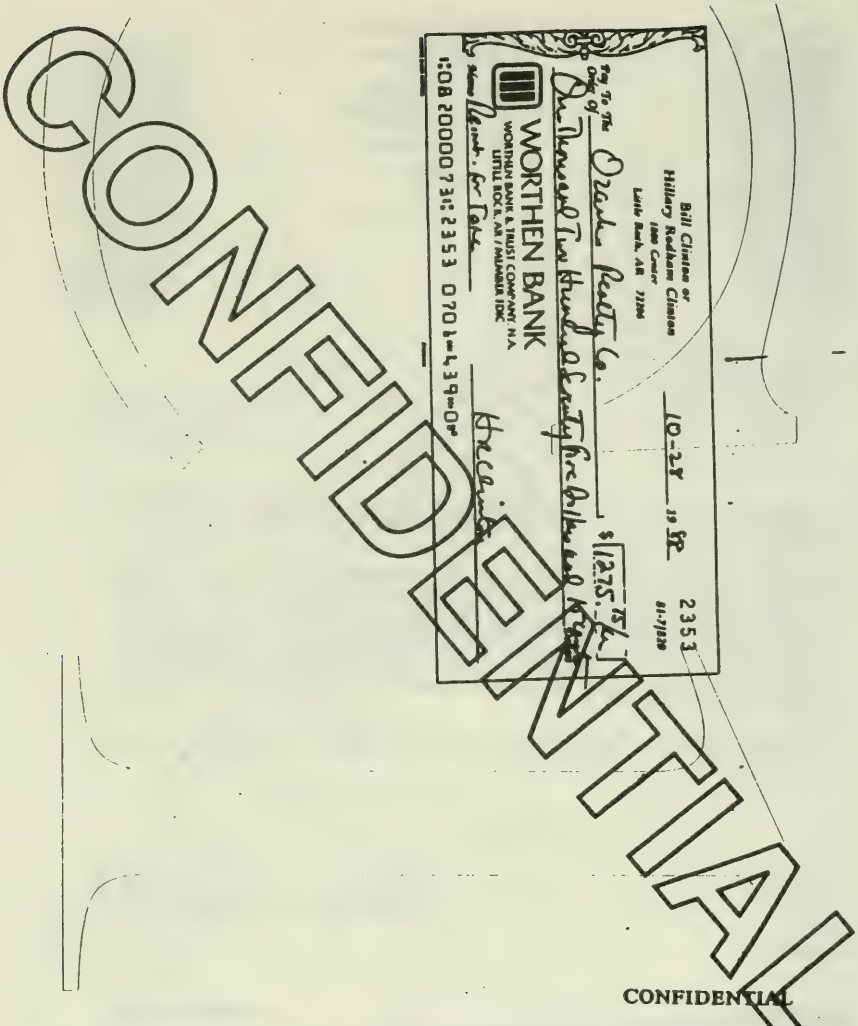
Hillary Rodham Clinton

HRC/dc

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

RTC-0000



CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DRR110103

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309
U. M. ROSE
1834-1913

CONFIDENTIAL

October 28, 1988

Mr. Wes Strange
First Ozark Bank
P.O. Box 250
Flippin, AR 72634

RE: Whitewater Estates

Dear Wes:

Do you have any records that would reflect whether or not certain lot owners have been billed for past taxes owed on the property they are purchasing? I am enclosing a copy of a letter I received from Rosalee Wade with the attachments pertaining to certain taxes that Ozarks Realty Company had paid for Whitewater in the past. I have personally reimursed Ozarks' escrow account and wanted to know whether the bank has any record of tax payments or could advise me as to how I might go about billing the property owners for the lots with past due taxes. I appreciate your help on this. If you need any further information, please call me or, perhaps, contact Rosalee or Chris Wade.

With best regards, I am

Sincerely yours,

Hillary Rodham Clinton

HRC/dc
cc: Rosalee Wade

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DKRT101034

OZARKS REALTY CO.

100 MAIN STREET (U.S. HWY. 62) • (501) 453-2210 • P.O. BOX 788 • FLIPPIN, ARKANSAS 72634

North Central Board of REALTORS
Arkansas REALTORS Association
National Association of REALTORS

October 13, 1988

Ms. Hillary Clinton
Attorney at Law
Rose Law Firm
120 East 4th St.
Little Rock, AR 72201

Dear Hillary:

Please find enclosed the tax receipts for the 1987 taxes I have paid for you in Marion County. The total for Whitewater Estates was $799.44.

In addition, Whitewater Estates still owes to us $227.76 for part of 1986 taxes and $247.95 for the balance due on 1985 taxes.

The total now due to reimburse our Ozarks Escrow Account is $1,275.15.

You will probably want to check back to see if Whitewater Estates has billed the lot owners for these taxes. The only lots Whitewater still owns are Lots 25 and 26 (plus Lot 13 that Logan had). The other tracts have been sold for some time and the tax liability should be passed on to the property owners. Please note on the enclosed ledger that Mr. Blair has paid his taxes and Whitewater was credited for this.

If you have any questions, or if I can be of further assistance, just let me know.

Sincerely,

OZARKS REALTY CO.

Rosalee Wade

RECEIVED
OCT 17 1988

ONE FILE COPY

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

Encl.

ROSE LAW FIRM
A PROFESSIONAL ASSOCIATION
ATTORNEYS
120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309
U. M. ROSE
1834-1913

October 28, 1988

Ms. Rosalee Wade
Ozarks Realty Co
100 Main Street
P.O. Box 700
Flippin, AR 72634

Dear Rosalee:

I am enclosing a check for $1,275.15 to reimburse the Ozarks escrow account. I appreciate you and Chris taking care of this for us.

I am also copying you on a letter I am sending to Wes Strange at First Ozark to see whether his records reflect whether or not the lot owners have been billed for these past taxes. As I explained to Chris on the telephone today, I did not have any records from Whitewater and do not know how else to determine whether or not the lot owners were billed. Do you have any ideas as to how else we could follow up on this if the bank also had no records?

I appreciate all that you are doing to help. With best regards, I am

Sincerely yours,

Hillary Rodham Clinton

HRC/dc

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CONFIDENTIAL

OZARKS REALTY CO.

100 MAIN STREET (U.S. Hwy. 62) • (501) 453-2716 • P.O. BOX 700 • FLIPPIN, ARKANSAS 72634

North Central Board of REALTORS
Arkansas REALTORS Association
National Association of REALTORS

October 13, 1988

Ms. Hillary Clinton
Attorney at Law
Rose Law Firm
120 East 4th St.
Little Rock, AR 72201

Dear Hillary:

Please find enclosed the tax receipts for the 1987 taxes I have paid for you in Marion County. The total for Whitewater Estates was $799.44.

In addition, Whitewater Estates still owes to us $227.76 for part of 1986 taxes and $247.95 for the balance due on 1985 taxes.

The total now due to reimburse our Ozarks Escrow Account is $1,275.15.

You will probably want to check back to see if Whitewater Estates has billed the lot owners for these taxes. The only lots Whitewater still owns are Lots 28 and 46 (plus Lot 13 that Logan had). The other tracts have been sold for some time and the tax liability should be passed on to the property owners. Please note on the enclosed ledger that Mr. Blair has paid his taxes and Whitewater was credited for this.

If you have any questions, or if I can be of further assistance, just let me know.

Sincerely,

OZARKS REALTY CO.

Rosalee Wade

CONFIDENTIAL

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

CLINTON 204 1815-93 05

SCHEDULES A&B (Form 1040)
Department of the Treasury
Internal Revenue Service

Schedule A – Itemized Deductions

OMB No. 1545-0074
1988
Attachment Sequence No.

▶ Attach to Form 1040. ▶ See Instructions for Schedules A and B (Form 1040).

Name(s) as shown on Form 1040 | Your social security

WILLIAM J CLINTON & HILLARY RODHAM | 429-92-9941

Medical and Dental Expenses (Do not include expenses reimbursed or paid by others.) (See instructions on page 23.)	1a	Prescription medicines and drugs, insulin, doctors, dentists, nurses, hospitals, medical insurance premiums you paid, etc.	1a		
	b	Other (list—include hearing aids, dentures, eyeglasses, transportation and lodging, etc.) ▶	1b		
	2	Add lines 1a and 1b, and enter the total here	2		
	3	Multiply the amount on Form 1040, line 32, by 7.5% (.075)	3		
	4	Subtract line 3 from line 2. If zero or less, enter -0- Total medical and dental		▶ 4	
Taxes You Paid (See instructions on page 23.)	5	State and local income taxes	5	10,083.	
	6	Real estate taxes	6	1,275.	
	7	Other taxes (list—include personal property taxes) ▶ PERSONAL PROPERTY	7	227.	
	8	Add the amounts on lines 5 through 7. Enter the total here. Total taxes		▶ 8	11,585.
Interest You Paid (See instructions on page 24.)		Note. *New rules apply to the home mortgage interest deduction. See instructions.*			
	9a	Deductible home mortgage interest you paid to financial institutions (report deductible points on line 10)	9a	7,574.	
	b	Deductible home mortgage interest you paid to individuals (show that person's name and address) ▶	9b		
	10	Deductible points (See instructions for special rules.)	10		
	11	Deductible investment interest	11	2,959.	
SEE STMT 14	12a	Personal interest you paid (see page 24) 12a 1,685.	12b	674.	
	b	Multiply the amount on line 12a by 40% (.40). Enter the result			
	13	Add the amounts on lines 9a through 11 and 12b. Enter the total here. Total interest		▶ 13	11,207.
Gifts to Charity (See instructions on page 25.)	14	Contributions by cash or check. (If you gave $3,000 or more to any one organization, show to whom you gave and how much you gave.) ▶	14	13,425.	
	15	Other than cash or check. (You must attach Form 8283 if over $500.) STMT 15	15	2,085.	
	16	Carryover from prior year	16		
	17	Add the amounts on lines 14 through 16. Enter the total here. Total contributions		▶ 17	15,510.
Casualty and Theft Losses	18	Casualty or theft losses (attach Form 4684). (See page 25 of the instructions.)		▶ 18	
Moving Expenses	19	Moving expenses (attach Form 3903 or 3903F). (See page 26 of the instructions.)		▶ 19	
Job Expenses and Most Other Miscellaneous Deductions (See page 26 for expenses to deduct here.)	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. (You MUST attach Form 2106 in some cases. See instructions.) ▶ SEE STMT 17	20	5,858.	
	21	Other expenses (investment, tax preparation, safe deposit box, etc.). List type and amount ▶ SEE STATEMENT 16	21	2,268.	
	22	Add the amounts on lines 20 and 21. Enter the total	22	8,126.	
	23	Multiply the amount on Form 1040, line 32, by 2% (.02). Enter the result here	23	3,757.	
	24	Subtract line 23 from line 22. Enter the result (if zero or less, enter zero)		▶ 24	4,369.
Other Miscellaneous Deductions	25	Other (from list on page 26 of instructions). Enter type and amount ▶		▶ 25	
Total Itemized Deductions	26	Add the amounts on lines 4, 8, 13, 17, 18, 19, 24, and 25. Enter the total here. Then enter on Form 1040, line 34, the LARGER of this total or your standard deduction from page 17 of the instructions		▶ 26	42,671.

For Paperwork Reduction Act Notice, see Form 1040 Instructions. | 11788 | SCHEDULE A (Form 1040) (1988)

LP 00866

35 T.C.M. (CCH) 28 printed in FULL format.

PETER PAUL DeVERE, Petitioner v. COMMISSIONER OF INTERNAL REVENUE, Respondent

Docket No. 4113-73.

UNITED STATES TAX COURT

35 T.C.M. (CCH) 28; T.C. Memo 1976-10; T.C.Mem.(P-H) 760010

January 12, 1976. Filed

COUNSEL: Peter Paul DeVere, pro se.

Thomas G. Schleier, for the respondent.

OPINIONBY: RAUM

OPINION: MEMORANDUM FINDINGS OF FACT AND OPINION

RAUM, Judge: The Commissioner determined a deficiency of $1,162.90 in petitioner's income tax for the calendar year 1970. The parties have filed a stipulation of facts which, together with its accompanying exhibits, is incorporated herein by this reference. Petitioner resided in Chicago, Illinois, at the time he filed his petition in this case.

In his 1970 return petitioner Peter Paul DeVere reported adjusted gross income in the amount of $8,642.34. The Commissioner's determination of deficiency rests upon five separate adjustments, four of which are in issue. All of the contested adjustments are connected with the family situation in the DeVere home during 1970, and concern dependency exemption deductions claimed for petitioner's three siblings and his mother, head of household status, medical expense deductions, and a deduction for real estate taxes.

During 1970, petitioner was living with his then recently widowed mother, his 17-year old brother Charles, and his two sisters Maggy and Bess, aged 19 and 21. His mother owned the unmortgaged house in which the family resided. Petitioner undoubtedly furnished the family with substantial moral and financial support.

1. Dependency exemptions deductions. As to petitioner's siblings, the stipulation of facts recites that Charles, Maggy and Bess received gross income during 1970 in the amounts of $1,100, $3,000 and $1,262, respectively. In the circumstances, we have no alternative but to sustain the Commissioner's disallowance of the three dependency exemption deductions which petitioner had claimed in respect of Charles, Maggy and Bess. Section 151(e)(1)(A), I.R.C. 1954, as it applied to the year 1970, explicitly rules out each of these deductions, since they could be available to petitioner only if the claimed dependent's "gross income for the calendar year in which the taxable year of the tax-payer begins is less than $625". There is no escape from the plain words of the statute.

As to the dependency exemption in respect of petitioner's mother it was incumbent upon petitioner to establish that he provided more than one-half of

her support during 1970 in accordance with the requirements of section 152(a)(4). He presented no evidence from which we could make any finding that he in fact furnished that much support for her. The stipulation shows that she received Social Security and Veteran's Administration benefits in 1970 in the amount of $1,986, all of which were used by her for her support, and that she owned the family home which had an annual fair rental value of $4,200. The regulations plainly indicate that the value of such rent-free lodging must be considered as a contribution by the owner of the home to the support of each person who lived there. Section 1.152-1(a)(2)(i), Income Tax Regs. Therefore, petitioner's mother must be considered to have provided not only one-fifth of the rental value for the support of herself, but also another one-fifth for the benefit of petitioner which would have to be taken into account in determining whether he furnished more than one-half of her support. *Lena Hahn, 22 T.C. 213.* As sympathetic as we are to petitioner who obviously made sacrifices to keep his family together, we simply cannot find on the record before us that he supplied at least the required one-half of his mother's support in 1970. Accordingly, the Commissioner's disallowance of the dependency exemption deduction for petitioner's mother must be sustained. *Victor Blanco, 56 T.C. 512, 514; Rose D. Seraydar, 50 T.C. 756, 760; James E. Stafford, 46 T.C. 515; Aaron F. Vance, 36 T.C. 547, 549;* Tax Court Rules of Practice and Procedure, Rule 142(a).

2. Head of household. Petitioner filed his 1970 tax return claiming head of household status and computed his tax liability in accordance with the rates applicable to that category of taxpayer. Petitioner would be entitled to use the head of household rates only if, inter alia, he maintained a home which was the principal place of abode of a dependent of his, in respect of whom he was entitled to a deduction under section 151. Section 2(b). Since, as has been held above, there was no such qualifying dependent, the Commissioner's determination that petitioner was not entieled to compute his tax using head of household rates must be sustained.

3. Medical expense deduction. Petitioner deducted $2,823.79 as medical expenses which he paid during 1970 The Commissioner disallowed the deduction in its entirety on the ground that the expenses -

were paid for the medical care of individuals who do not qualify as dependents under sections 151 and 152 of the Internal Revenue Code and, therefore, are not deductible by you.

Section 213 allows a taxpayer to deduct, subject to certain limits, amounts which he paid for his own medical care, or for the medical care of his spouse or his dependents. Although petitioner's return sets forth in detail the various medical expenses claimed (names of doctors, amounts, etc.), we have no way of knowing to which of the five persons in the DeVere household any of them pertained, and petitioner has not otherwise given us any breakdown. In the circumstances, we have no way of knowing to what extent this amount was expended for persons who did not qualify as dependents, and we must accordingly sustain the Commissioner's disallowance of this deduction. n1

n1 On brief, petitioner states that "most of the deductible expenses were for medical expenses for the petitioner's mother". However, no such evidence appears in the record, and we were unable on the record to find that his mother qualified, as a dependent under section 152 of the Code. To the extent that the medical expenses were incurred for the benefit of his siblings, the record also

fails to show that petitioner provided more than one-half the support of his siblings, which, if established, might furnish the basis for a finding of dependency under section 152 for purposes of qualifying for the medical deduction under section 213, notwithstanding that he was precluded by section 151(e) (1) (A) from taking a dependency exemption deduction by reason of the fact that each of them had more than $625 gross income during the taxable year. Finally, the record does not show that any of the expenses were for petitioner's own medical care.

4. Real estate taxes. Petitioner claimed a deduction of $602.32 for real estate taxes which he paid during 1970. These taxes were assessed on the DeVere home in Wheaton, Illinois. The home, however, was owned by petitioner's mother. Therefore, under applicable state law, she alone -- and not petitioner -- was liable for these taxes. Ill. Ann. Stat. ch. 120, sec. 508 (a) (Smith-Hurd 1970). Because taxes are deductible only by the person upon whom they are imposed, the Commissioner properly disallowed this deduction. *Virginia M. Cramer, 55 T.C. 1125, 1130;* Section 1.164-1(a), Income Tax Regs.

Decision will be entered for the respondent.

33 T.C.M. (CCH) 234 printed in FULL format.

LENA M. ANDERSON, Petitioner v. COMMISSIONER OF INTERNAL REVENUE, Respondent

Docket No. 4740-70

UNITED STATES TAX COURT

33 T.C.M. (CCH) 234; T.C. Memo 1974-49; T.C.Mem.(P-H) 740049

February 28, 1974, Filed

COUNSEL: Lena M. Anderson, pro se.

Willard N. Timm, Jr., for the respondent.

OPINIONBY: GOFFE

OPINION: MEMORANDUM FINDINGS OF FACT AND OPINION

GOFFE, Judge: Respondent determined a deficiency in petitioner's income tax for 1967 in the amount of $1,340.77. The issues for decision are whether a gain realized on a sale of stock purchased on December 2, 1966, and sold on June 2, 1967, was held for more than six months, and whether certain deductions should be allowed for home office expense, travel expenses incurred for the production of income, and real estate taxes paid in 1967.

FINDINGS OF FACT

At the time the petition was filed in this proceeding, petitioner was a legal resident of Hacienda Heights, California. She timely filed her income tax return for 1967 with the appropriate office of the Internal Revenue Service. n1

n1 It is not clear from the record whether petitioner filed her return with the district director of internal revenue at Los Angeles or with the IRS Service Center at Ogden, Utah.

On December 2, 1966, petitioner purchased 100 shares of Neptune Meter Company (NPM) stock for $2,279.50. She sold this stock on June 2, 1967, for $4,751.90. She reported the gain of $2,472.40 as a long-term capital gain.

In his statutory notice of deficiency dated April 27, 1970, respondent determined the gain to be short-term rather than long-term.

On her 1967 return, petitioner deducted home office expenses of $500. Petitioner's income in 1967 consisted solely of dividends on stock, interest, rents of real property, and gains from stock transactions. She had no business or profession other than the management and conservation of her real property and stock investments. She was not a licensed real estate broker or salesman in 1967 and did not buy or sell any real property in the ten-year period prior to 1967 except for the sale of her home in 1963 and the purchase of another home in 1964.

Petitioner's home during the year in issue contained 1,850 square feet. Respondent determined that petitioner used 143 square feet, the average size of a room in her home, for business purposes. Accordingly, he allowed her a deduction of 7.7 percent of the costs, including depreciation, of maintaining her home, or $112.

Petitioner's investment-related business activities consisted of the following: (1) maintaining a card system of sums due and paid on her rental properties, (2) filing bills and receipts, (3) computation of her income tax, and (4) writing letters to real estate and stock brokers, taxing authorities, and the Internal Revenue Service. Most of this work was done in the family room of the house, although some work was also done in other rooms.

Petitioner used her automobile to visit her rental properties in order to collect rent. Because the tenants failed to pay rent on time or in the proper amount, petitioner often had to visit the properties several times a month in order to collect the rent. These properties were located an average of 60 miles round trip from petitioner's home. Petitioner also used her automobile to visit her banker and her broker. Her bank, located in Los Angeles, was on her way to her Los Angeles investment properties, while her broker was in Beverly Hills, approximately 100 miles round trip from petitioner's home. During the taxable year in question, petitioner attended school, which was approximately 70 miles from her home, three times a week. She also admitted to using her car to visit her family and to attend church.

Petitioner deducted the following real estate taxes on her 1967 return:

AXES - 1967-68		
V. Beaudry Mts.	$ 43.80	
LSM	8.02	
Tr. 3777 L 81-82	93.81	
	112.57	
Hol. Hts. Pn. 80	201.43	(+ $351.13 int.)
Palm Se. 28NR11W	1902.41	
Irrig. Dist. Assess.	160.20	
CPH #2	22.24	
PS Tr. #2 L ss 22	209.54	
Nor. 8225 L 8 B c	213.33	
Pet. Gard. L24 B7	154.15	
Tr. 26841 L 1	825.57	
P.S. Assess.	43.04	
Norw. Assess.	71.36	(+ $ 13.49 int.)
Norw. Assess.	42.78	
PID	235.04	
Art. Assess.	78.02	
Int.	8.14	
P.S. int.	5.45	
Total taxes paid	4795.52	

Respondent disallowed $3,743 of the claimed deduction for failure to furnish adequate substantiation. n2

n2 Respondent conceded on brief that the taxpayer should be allowed a deduction of $2,428.25 or $1,375.73 more than was allowed in the statutory

notice of deficiency.

When this case was first set for trial at Los Angeles, California, the Court granted petitioner a continuance following a pretrial conference, for the purpose of seeking as much proof as possible regarding the payment of expenses which respondent had disallowed for lack of substantiation.

When this case was heard at Los Angeles, the Court directed the respondent to provide certificates from the tax collectors of San Bernardino, Riverside and Los Angeles Counties which showed the name in which the various parcels of property claimed by the petitioner were assessed and when those assessments were paid. The Court further directed that the record would be held open for 60 days for the purpose of receiving additional evidence. The Court later received from the respondent three groups of documents and a letter of transmittal which indicated that copies of these documents had been sent to the petitioner. These documents were received into evidence and marked as respondent's exhibits B, C and D.

Exhibit B consists of those parcels which were assessed in petitioner's name and on which the assessed tax was paid in 1967. It contains the following relevant information: n3

n3 The fourth column reflects the reference to the property on the supplement attached to petitioner's 1967 income tax return.

DESCRIPTION	AMOUNT PAID 4/10/67	AMOUNT PAID 12/6/67	AS LISTED ON PETITIONER'S RETURN
Riverside County:			
Palm Springs Village			
Tract 2, Lot 22	n1 $ 95.52	n2 $104.77	PS Tr. #2 L ss 22 - $209.54
San Bernardino County:			
Cedarpines Highlands No. 1			
Lot 38		3.96	
Lot 19		6.36	
Lots 20 & 21		11.92	CPH #2 - $ 22.24
Los Angeles County:			
Map Book - Page - Parcel	AMOUNT PAID 4/10/67	AMOUNT PAID 12/1/67	AS LISTED ON PETITIONER'S RETURN
2845 22 27	$ 1.99	$ 2.01	LSM$ 8.02
2845 22 32	1.99	2.01	LSM - 8.02
3023 4 15	509.61	951.21	Palm. Se. 28NR11W - 1902.41
3040 2 2	3.34	9.65	not listed
3040 2 3	3.34	8.65	not listed
3040 2 4	3.34	9.65	not listed
3040 2 5	3.34	8.65	not listed
3040 2 6	3.34	8.65	not listed

(Beaudry's Mountains Lot)			V. Beaudry Mts. -
5608 14 6	21.89	21.90	43.80
(Holson Heights)			
6017 4 2	$175.78	$175.57	not listed Hol. Hts. Pn. 80 -
6033 3 32	100.17	100.72	$201.44 (+ $351.13 int.) Tr. 3777 L 81-82-
6088 15 16	28.01	46.91	93.81

TOTAL TAXES PAID ON THESE PARCELS IN 1967: $2,065.88

n1 This includes one-half of a $12.45 special assessment.

n2 This includes a $11.04 special assessment.

Exhibit C contains the certificates from the tax collectors of San Bernardino, Riverside and Los Angeles Counties for which the assessments were paid in 1967 but which were not assessed in petitioner's name. There are two parcels in such exhibit which appear to have been claimed by petitioner on her 1967 return.

The first parcel, listed on the return as "Nor. 8225 L 8 B c," is in tract No. 8225, Lot 8, Block C, Norwalk, California. The tax collector's certificate shows that this property is assessed in the names of Jesus D. and Adela Robles. Taxes of $170.81 were paid on April 10, 1967, with a second payment of $106.66 made on December 4, 1967.

The second parcel, reported on petitioner's return as "Pet. Gard. L24 B7," is located in Petroleum Gardens, Lot 24, Block 7. The tax collector's certificate shows that this property is assessed to Rubel Garcia and that taxes of $76.54 were paid on April 10, 1967. A second payment of $77.08 was made on December 4, 1967.

In his cover letter to petitioner dated February 12, 1973, enclosing copies of all the certificates obtained pursuant to the Court's order, respondent requested that petitioner forward proof that she owned these parcels and that she paid the tax on them. Respondent also noted that the Court had requested petitioner to provide it with letters answering her inquiry to the Palmdale Irrigation District as to whether the taxes paid represented taxes on property or represented special assessments. The letter also pointed out that petitioner should send the requested information directly to the Court by the date until which the record in this case was being held open for the purpose of receiving additional evidence.

The only additional evidence which has been received by the Court consisted of the certificates of the tax collectors which were forwarded by the respondent. These were admitted into evidence and the record was closed. No further evidence has been submitted to this Court by petitioner since that time and petitioner has made no motion regarding additional proof she may have.

33 T.C.M. (CCH) 234; T.C. Memo 1974-49; T.C.Mem.(P-H) 74004

ULTIMATE FINDINGS

1. Petitioner, an investor, sold 100 shares of N.P.M. stock exactly six months after she purchased the stock. Accordingly, her gain on the sale was a short-term capital gain.

2. Petitioner used the family room of her home for the production of income. Since this room was 13 feet by 22 feet in size, it represented 15.4 percent of the 1,850 square feet home. Accordingly, she may deduct a proportionate amount of the operating expenses of her home.

3. Petitioner failed to fully substantiate her investment-related travel expenses. She is, therefore, entitled to a smaller deduction than claimed on her return.

4. Petitioner may deduct real estate property taxes of $2,428.25 as allowed by respondent. The additional amount claimed on her return is disallowed.

OPINION

Issue 1. Sale of Stock

Petitioner purchased 100 shares of N.P.M. stock on December 2, 1966, and sold it on June 2, 1967, at a gain. Section 1222(3) n4 defines a long-term capital gain as a "gain from the sale or exchange of a capital asset held for more than 6 months." [Emphasis added.] It is undisputed that the stock in question is a capital asset. The issue before us is the manner of computing petitioner's holding period for the stock. It has long been settled law that the holding period of property is computed by excluding the day of purchase and including the day of sale. In *Sheets v. Selden's Lessee, 69 U.S. (2 Wall) 177, 190 (1864)*, the Supreme Court, discussing the interpretation of contracts and statutes, said "Where time is to be computed from a particular day or a particular event...[the proper method of computation] is to exclude the day thus designated, and to include the last day of the specified period." This method is the one currently used by the respondent. *Rev. Rul. 70-598, 1970-2 C.B. 168.* See also *Rev. Rul. 66-7, 1966-1 C.B. 188.* This manner of computation was approved in *E. T. Weir, 10 T.C. 996, 1000-1001 (1948)*, affd. *173 F.2d 222* (C.A. 3, 1949).

n4 All references are to the Internal Revenue Code of 1954, unless otherwise indicated.

We therefore hold that petitioner's holding period for the N.P.M. stock began on December 3, 1966, and, when she sold the stock on June 2, 1967, she had held the stock for exactly six months. Accordingly, since section 1222(3) requires a holding period of more than six months, we find that petitioner realized a short-term capital gain on the sale of her stock.

Issue 2. Deduction for Home Office

On her 1967 return, petitioner deducted $500 which represented that portion of her housing costs allocable to the portion of the home set aside as a home office. Petitioner stated at trial that, based on what she felt was a fair rental of her home ($350 per month), she did not feel that a deduction of $500 was unreasonable. Respondent allowed only $112 of this amount, which represents

7.7 percent of petitioner's expense of maintaining the home (7.7 percent representing that portion of the home occupied by the average-sized room thereof).

Since petitioner has not maintained that she is in the trade or business of managing property, she is limited to a deduction under section 212 which allows her to deduct: * * * all the ordinary and necessary expenses paid or incurred during the taxable year -

(1) for the production or collection of income;

(2) for the management, conservation or maintenance of property held for the production of income; or

(3) in connection with the determination, collection, or refund of any tax.

However, the burden of proving entitlement to and the amount of deduction under this section is upon the petitioner. Rule 142, Tax Court Rules of Practice and Procedure.

We recently stated in *Stephen A. Bodzin, 60 T.C. 820, 825 (1973)* that:

* * * [the] applicable test for judging the deductibility of home office expenses is whether, like any other business expense, the maintenance of an office in the home is appropriate and helpful under all the circumstances. [Emphasis added.]

We are satisfied from the record that petitioner is entitled to a deduction for home office expense. n5 The only remaining question is the amount of the deduction to which she is entitled.

n5 We have earlier rejected respondent's contentions, based on *Rev. Rul. 62-180, 1962-2 C.B. 52*, that the use of a home office must be required rather than voluntary, *Stephen A. Bodzin, 60 T.C. 820, 825 (1973)*, and that an allocation be made on availability of use rather than on actual use, *George W. Gino, 60 T.C. 304, 313 (1973)*.

There is no evidence in the record of the overhead costs incurred by petitioner during 1967 in the operation of her home for such items as insurance, utilities, taxes and interest on her mortgage, if any. However, we are convinced that she did incur some expenses in the operation of her home office and we apply the rule in *Cohan v. Commissioner, 39 F.2d 540* (C.A. 2, 1930). n6 We reject the respondent's allowance of $112 which was computed on a basis of an average-sized room in petitioner's home, since petitioner has proved to our satisfaction that she used the family room as an office. Since the record is not clear on whether the size of that room was 13 feet by 22 feet or 13 feet by 26 feet, we follow the admonition of the Cohan court and take the lower figure which gives us a percentage of 15.4 which applied to respondent's allowance of $112 based on a percentage of 7.7 percent entitles petitioner to a deduction of $224.

n6 *Cohan v. Commissioner, 39 F.2d 540* (C.A. 2, 1930) at 543-544:

Absolute certainty [in reconstruction without records] * * * is usually

impossible and is not necessary; the [Court] should make as close an approximation as it can, bearing heavily if it chooses upon the taxpayer whose inexactitude is of his own making.

We decline to allow petitioner a deduction for the allocable portion of depreciation on her home since she has made no showing of the factors necessary for computing her depreciation deduction; that is, cost or the lower of fair market value or adjusted basis on the date of conversion from a personal residence to an office, salvage value or useful life. See sections 1.167(a)-1 and 1.167(g)-1, Income Tax Regs. The burden of proof rests with petitioner and she has failed to provide us with the necessary information.

Issue 3. Investment-Related Travel Expenses

On her 1967 return, petitioner deducted $1,500 as the cost of traveling 15,000 miles for investment purposes. Respondent allowed only $120 of these expenses, disallowing the remainder for lack of substantiation. It is not disputed that an investor or one engaged in managing rental property may deduct travel expenses. n7 In her letters to respondent and at trial, petitioner has alleged that she drove between 26,000 and 30,000 miles during 1967. She further alleges that the few notes that she made from time to time regarding her mileage in 1967 were pilfered from her home. She offered no documentary evidence to support her testimony regarding the total mileage driven or the investment-related mileage driven. Based upon all the evidence and applying the rule in *Cohan v. Commissioner, supra*, we allow petitioner a deduction of $254.40 for automobile travel related to her investment activities.

n7 See *Martha E. Henderson, T.C. Memo 1968-22* and Louis H. Mayer, a Memorandum Opinion of this Court dated June 13, 1951.

Issue 4. Real Estate Taxes

On Her return for 1967, petitioner deducted $4,795.52 as real estate taxes paid. Respondent's position is that petitioner may only deduct the real estate taxes paid in 1967 on property which was assessed in her name in that year. He relies on section 164(a) (1) which permits the deduction of real estate taxes only in the year paid and on section 1.164-1(a), Income Tax Regs., which states that "[in] general, taxes are deductible only by the person upon whom they are imposed." We approved the validity of this section of the regulations in *Virginia M. Cramer, 55 T.C. 1125, 1130-1131 (1971)*.

An examination of the certificates provided by the tax collectors of Los Angeles, San Bernardino and Riverside Counties pursuant to our order indicates that only $2,065.88 was paid on property assessed in the name of petitioner. Despite the fact that the Court held the record open for 60 days to allow petitioner an opportunity to substantiate her claim that she owned the parcels claimed on which the tax was not assessed in her name and that she had paid the taxes thereon in 1967, no further evidence was forthcoming.

Many of the items claimed as taxes appear to be special assessments which are not allowable deductions. Section 164(c) (1). Petitioner failed to offer any proof regarding her entry of "Tr 26841 L 1," and is, therefore, not entitled to the $825.57 claimed therefor.

In summary, the record seems to support a deduction of only $2,065.88. However, since respondent has allowed petitioner a deduction of $2,428.25, we will accept such amount as the deduction for real estate taxes and not disturb respondent's allowance.

* * *

In her opening brief petitioner, for the first time, claimed a casualty loss to her real estate of $129,673 which she contends resulted from vandalism and mob riots. Such deduction was not claimed on her income tax return, in her petition, or during the course of the trial. There is no evidence of such loss in the record. The Court will not, therefore, consider such a claim. *Eleanor C. Shomaker, 38 T.C. 192 (1962).*

* * *

Decision will be entered under Rule 155.

2 T.C. 826 printed in FULL format.

Cornelia C. F. Horsford, Petitioner, v. Commissioner of Internal Revenue, Respondent

Docket No. 112449

UNITED STATES TAX COURT

2 T.C. 826

September 30, 1943, Promulgated

DISPOSITION: Decision will be entered under Rule 50.

SYLLABUS: Deduction -- Taxes. -- Occupant of a residence for life, charged with payment of taxes and repairs but holding title in trust, is entitled to deduct on individual return taxes which she paid to protect her estate.

COUNSEL: Richard Bancroft, Esq., for the petitioner.

Melvin S. Huffaker, Esq., for the respondent.

JUDGES: Murdock, Judge.

OPINIONBY: MURDOCK

OPINION: [*826] OPINION.

The Commissioner determined deficiencies in income tax of this petitioner as follows:

1937	$ 175.45
1939	234.81
1940	442.98

The only adjustments made by the Commissioner which are now contested are the disallowance of deductions for taxes paid by the petitioner on a residence in Cambridge, Massachusetts, which she occupied. The case has been submitted upon a stipulation of facts, which is hereby adopted as the findings of fact.

The petitioner's father died in 1893 a resident of Cambridge, Massachusetts. He left the family homestead in trust to the petitioner and another daughter and the survivor of them and their heirs and assigns forever. His widow was to have the privilege of occupying the homestead during her life, and upon her death any daughters who remained unmarried were to have the right to occupy it for their lives. The occupant was "to pay all taxes thereon and to keep the estate in good repair during that time." Upon the death of the last unmarried daughter the estate was to be sold by the trustees and the proceeds divided equally among any surviving daughters and the then living issue of any deceased daughter or daughters.

The father was survived by his widow and five daughters. The widow died in 1900 and all of the daughters except the petitioner died prior to 1928. There are living issue of daughters who married. The petitioner has never married. She has occupied this property as a residence for many years. She has held the property as surviving trustee. The trust has never been in receipt of any income.

The taxes here in question were assessed on this property in the name of the trustee by the city of Cambridge for the taxable years. The petitioner paid all of those taxes in the year assessed. She filed no return for the estate of which she was trustee, but claimed deductions for the taxes here in question on her individual Federal income tax returns. The Commissioner explained in his notice of deficiency [*827] that the deductions were not allowable under section 23 (c), because the taxes were assessed to the trustee.

This is not a case requiring decision as to which of two owners is entitled to deduct a tax where there has been a change of ownership during the year. The question is, Are the taxes deductible by the trust of which this petitioner was trustee or are they deductible by her individually? They are not deductible by the trust because the trust did not pay them, and for that matter had no means of paying them. The petitioner paid them as an individual. She had to pay them in order to protect and enjoy the estate which she had in the real property. While it is not necessary to determine exactly what estate she had in the premises, nevertheless, it is apparent that she had some equitable estate therein during her life. The case of *Margaret B. Sparrow et al., Trustees, 18 B. T. A. 1,* is distinguishable. There the trustee had funds, made repairs upon the premises, and was allowed a deduction for repairs. The widow in that case was reimbursed for the taxes which she paid and their deductibility was not in issue. Here the petitioner was required by the will to pay all taxes on the property and to keep the estate in good repair during her occupancy, she actually paid the taxes, and was not reimbursed. She was not paying the taxes of another, either voluntarily or by contract, but was paying taxes upon her own property under the alternative that the sovereign would take the property for nonpayment. She was not paying them merely because of the provisions of the will. She had to pay them or vacate the property. She is entitled under the circumstances of this case to the deductions which she claimed on her returns. Cf. *Martin Thomas O'Brien, 47 B. T. A. 561; Estate of John Edgerly Morrell, 43 B. T. A. 651; Hord v. Commissioner, 95 Fed. (2d) 179.*

Decision will be entered under Rule 50.

22 T.C. 391 printed in FULL format.

Estate of Mary Rumsey Movius, Deceased, Livingston Hall and Parker Hall, Surviving Executors, Petitioner, v. Commissioner of Internal Revenue, Respondent. Evelyn Rumsey Lord, Petitioner, v. Commissioner of Internal Revenue, Respondent

Docket Nos. 34038, 34039

UNITED STATES TAX COURT

22 T.C. 391

May 21, 1954, Filed
May 21, 1954, Filed

DISPOSITION: Decision will be entered for the petitioner in Docket No. 34038.

Decision will be entered under Rule 50 in Docket No. 34039.

SYLLABUS: Petitioners, beneficiaries of an estate, for 3 years prior to the taxable year authorized the executors-trustees to withhold distribution to them of income to which they were then entitled, to create a fund from which to pay certain anticipated tax liabilities with respect to non-income producing real estate held as assets of the estate in trust for petitioners and which taxes the estate would be unable to pay from current income. This income was in each year reported on her return by the individual as in fact distributed. Held, that the petitioners were entitled to deduct on their individual returns in the taxable year, as taxes paid by them, their proportionate part of such fund used in the taxable year by the executors to pay such taxes.

COUNSEL: Daniel G. Yorkey, Esq., and Alexander C. Cordes, Esq., for the petitioners.

William G. O'Neill, Esq., for the respondent.

JUDGES: Bruce, Judge.

OPINIONBY: BRUCE

OPINION: [*391] Respondent has determined deficiencies in income tax for the year 1945 of $ 1,488.26 with respect to the Estate of Mary Rumsey Movius and $ 1,213.38 with respect to Evelyn Rumsey Lord. The proceedings were consolidated for hearing. The question presented in each case was the same, namely, whether the petitioners, both beneficiaries of the same estate, are entitled to deduct the amount of certain real estate taxes assessed against the estate and paid in that year.

FINDINGS OF FACT.

Certain of the facts were stipulated and are so found. Other facts not stipulated but hereinafter set out are found upon evidence presented at the hearing.

Petitioner's decedent in Docket No. 34038 and petitioner in Docket No. 34039 filed returns for the calendar year 1945 with the collector of internal revenue at Buffalo, New York.

[*392] Bronson C. Rumsey died in March 1902, a resident of Buffalo, New York, leaving a will which was duly admitted to probate. A large part of his estate consisted of various parcels of real property, some of which were income producing, but many of them being unimproved properties at various locations produced no revenue.

By his will Rumsey left the aforementioned real estate to his executrices and executors thereinafter named, "in trust nevertheless, to convert the same into money when and as in the judgment of my executrices and executors such conversion shall be most judicious, and to divide the proceeds thereof into as many parts as I shall leave children me surviving." He was survived by two sons and two daughters hereinafter mentioned.

The will directed that one such part should be distributed to his son Lawrence D. Rumsey and one part to his son Bronson Rumsey, "to be held by him absolutely." It further directed that one such part should "be held by my executrices and executors in trust" for his daughter Mary Lovering Movius, and one part for his daughter Evelyn Rumsey Cary, to be invested and reinvested in interest bearing securities and the income therefrom paid to said daughter "quarterly during her natural life." Each daughter was empowered to dispose, by will, of the share so set apart for her.

The will of Bronson C. Rumsey further provided that, "Pending the conversion of my residuary estate as directed in this Article, I direct that the net income derived therefrom after my decease be divided equally between the children entitled to share therein by the terms hereof."

Evelyn Rumsey Cary died in 1924, prior to the taxable year in question, and part of her interest in the trust for her benefit and in the Rumsey estate passed through the exercise of her power of appointment to her niece, the petitioner Evelyn Rumsey Lord. Mary Lovering Movius died in 1948, subsequent to the taxable year in question.

A large amount of the real estate holdings of the Rumsey estate was difficult to dispose of to advantage by the executors who were charged by the will to liquidate these holdings in order to build up the corpora of the two trusts provided for, and they continued the administration of the estate for many years in an attempt to work out the disposition of these various pieces of real estate. In the year 1945 the executors had not yet filed a final account with the probate court. It had been the custom each year to furnish a report to the beneficiaries and receive from them an approval of the actions taken. Prior to 1945 the two sons of the decedent, Bronson C. Rumsey, each possessing a one-fourth interest in the estate, were settled with in full by the executors, and thereafter the only two remaining interests were those of the two daughters of that decedent.

[*393] For many years, up to and including the taxable year 1945, George T. Ballachey represented the executors and trustees as agent for the estate and the trusts created under the will of Bronson C. Rumsey. He was also one of three

executors-trustees appointed under the will of Evelyn Rumsey Cary. All of the affairs of the estate and of the trusts in question were handled by Ballachey in the same office. Separate books of account were maintained for the estate and for each of the trusts and income tax returns were prepared and filed each year by Ballachey for the estate and also for each of the trusts. In addition to acting for the estate and the two trusts, Ballachey also represented both of the beneficiaries of the trusts under the will and the petitioner, Evelyn Rumsey Lord, after her acquisition of part of one of those interests, in all of their personal financial affairs, including the preparation and filing of their income tax returns.

Early in the year 1942 it became apparent to the executors of the Rumsey estate that they would experience considerable difficulty in keeping title to various pieces of real estate through continuing payments of taxes assessed. Certain pieces of this property had accumulated assessed taxes in an amount which in all probability would not justify an expenditure necessary to save them from delinquent tax sale.

Faced with this situation, the executors decided that it would be best to survey the condition of the various properties and decide which of them justified an attempt to retain them for the estate. To do this would require funds for the payment of taxes. Some of the properties of the estate were income producing, this income, as directed in the will of Bronson C. Rumsey, being distributable currently to the two beneficiaries of the estate. It was decided that the best course of action would be to accumulate this income in order to have the funds to meet these tax payments. This situation was taken up by the executors with the two beneficiaries and they in turn authorized and directed the executors not to pay over to them the income in question but to hold it for the payment of the taxes on such of the properties as the executors should decide should be retained. Such distributable income was not credited to the beneficiaries on the books and records of the Estate of Bronson C. Rumsey, but their proportionate shares of such income so withheld each year were included, in the year withheld, in the Federal income tax returns of the two beneficiaries for the years 1942, 1943, and 1944.

In the year 1945 the executors of the Rumsey estate made payments of taxes on certain of the properties standing in the name of the estate, which taxes had been assessed against the estate, using therefor the funds accumulated under the direction of the two beneficiaries, and these beneficiaries in turn took deductions on their personal returns [*394] of the amount of the funds so used and which had been reported by them as income over the prior 3 years. The disallowance by respondent of these deductions gives rise to the deficiencies here in question.

OPINION.

In each of the statements accompanying the notices of deficiencies herein, respondent explained the adjustments giving rise to the deficiencies as follows:

.

It is held that no deduction is allowable under Section 23 (c) of the Internal Revenue Code for taxes paid on real property held in trust for you, legal title to which is in the trustees.

Petitioners contend that the funds accumulated for the payment of taxes under

the permission and direction of the two beneficiaries, being distributable to them and being applied by their direction to payment of taxes to protect properties of which they were the direct beneficiaries, constitute payments of taxes by them individually from these funds and that they are entitled to their deduction as taxes paid.

It is respondent's contention that the Rumsey estate had never been settled and was still a taxable entity, and that payment of the taxes was actually made by the executors of the estate and made from income of the estate and consequently deduction could be taken only by the estate and not by the beneficiaries.

The rule appears to be clear that one owning a beneficial interest in property who pays taxes thereon to protect such interest may deduct the payment so made, even though the legal title to the property is in another against whom the tax is assessed. *Cornelia C. F. Horsford, 2 T. C. 826; Martin Thomas O'Brien, 47 B. T. A. 561; Estate of John Edgerly Morrell, 43 B. T. A. 651; Hord v. Commissioner, 95 F. 2d 179.*

We think, under the facts here presented, the payment of the taxes in question must be held to have been by the two beneficiaries of the estate. The funds in question were ones to which they were entitled and were withheld from actual distribution to them, under their direction, to be used for the specific purpose of protecting their individual interests in the real property of the estate. Without such withholding and payment the property thus saved for the estate, and consequently for the benefit of petitioners, would have been lost through tax sales, as indeed several pieces of property on which the taxes were not paid by the estate or by petitioners were lost. The payment of the taxes by the executors-trustees in the circumstances of this case must be regarded as the equivalent of payment by the petitioners.

This income had been treated by the beneficiaries as realized and distributed to them, as it was included in the income reported by them on [*395] their returns for the three years. The manner in which the use of these funds was effected appears to be no more than one of convenience. Ballachey was agent of the estate and of the trusts, and personal agent of the two individual beneficiaries. We think to hold that this income was never realized and used by the beneficiaries is to overlook the realities of the situation.

Petitioners, by amended petitions, have raised an alternative issue. This is that the administration of the Rumsey estate having been prolonged for many years after all debts were paid, and for the one purpose of liquidating the real estate holdings, it should be considered as in fact terminated and the executors as holding the real estate merely as trustees in the interests of the two trusts; that consequently the real estate should be considered as trust assets and the separate accounts of the estate and the two trusts be consolidated and the income or loss determined as that of the trusts; thus, in that event, the expenditures of the estate would be offset against incomes of the trusts and the items here in question should be given effect as deductions in the computing of net income of the petitioners as beneficiaries. In view of our holding on the primary contention the alternative issue is not considered.

Respondent is reversed upon his holding that petitioners are not entitled to deductions representing taxes paid on estate property from income withheld from

distribution to them at their direction for use for this purpose. Petitioners on brief have waived claims asserted for findings of overpayment. In Docket No. 34038 the figures of petitioners and respondent are in accord, but in Docket No. 34039 there is a slight discrepancy in the figures which is not explained by the record.

Decision will be entered for the petitioner in Docket No. 34038.

Decision will be entered under Rule 50 in Docket No. 34039.

33 T.C. 447 printed in FULL format.

Lena L. Steinert, Petitioner, v. Commissioner of Internal Revenue, Respondent

Docket No. 75067

UNITED STATES TAX COURT

33 T.C. 447

December 7, 1959, Filed

DISPOSITION: Decision will be entered under Rule 50.

SYLLABUS: 1. Held, petitioner had a life estate in certain Massachusetts properties and is entitled to deductions for real estate taxes paid by her in respect of those properties notwithstanding that legal title was in a bank and the taxes were formally assessed in the name of the bank.

2. Deduction for hurricane damages in respect of one of such properties, presently claimed by petitioner, held allowable.

COUNSEL: George H. Kidder, Esq., for the petitioner.

Raymond T. Mahon, Esq., for the respondent.

JUDGES: Raum, Judge.

OPINIONBY: RAUM

OPINION: [*447] OPINION.

The respondent determined deficiencies in the income tax of petitioner as follows:

Taxable year	Deficiency
1954	$ 2,774.36
1955	1,775.82
1956	1,857.19

We are required to decide whether petitioner is entitled to deduct certain real estate taxes paid by her during each of the 3 years and whether she is entitled to a deduction for a casualty loss in 1954 by reason of hurricane damage to a summer residence. All of the facts have been stipulated.

1. Petitioner, a resident of Boston, Massachusetts, filed her income tax returns for the years 1954 to 1956, inclusive, with the district director of internal revenue for the district of Massachusetts.

During the taxable years 1954 to 1956, inclusive, petitioner occupied residences at 401 Commonwealth Avenue, Boston, Massachusetts, [*448] and on

Bay View Avenue, Beverly, Massachusetts, as her winter and summer homes, respectively. These properties were formerly owned by her husband, Alexander Steinert, and upon his decease in 1933 were included in the residue of his estate devised to a testamentary trust. Within the time required under the laws of Massachusetts, petitioner waived her interest under the will and claimed her statutory right of dower.

On February 11, 1936, by deeds duly recorded with the appropriate registries of deeds, the testamentary trustees conveyed both of the foregoing properties to the Alexander Corporation, a Massachusetts corporation. Petitioner did not join in these conveyances to release her dower rights. Robert S. Steinert, a son of the decedent and one of the two testamentary trustees, was the president and treasurer of the Alexander Corporation.

On December 30, 1947, the Alexander Corporation deeded both properties to the First National Bank of Boston. Simultaneously, the petitioner, on December 30, 1947, executed an instrument which stated that she was releasing to the Alexander Corporation all rights of dower and homestead and other interests in and to both of the properties. In consideration for this instrument of release, petitioner received an agreement from the First National Bank of Boston, dated December 30, 1947, reading as follows:

In consideration of your releasing your rights of dower and other interests in the properties located at 401 Commonwealth Avenue, Boston, and on Bay View Avenue, Beverly, Massachusetts, both of which have been conveyed by The Alexander Corporation to The First National Bank of Boston, the Bank agrees that you may occupy the said properties for your natural life, rent free, so long as you pay all the carrying charges of the same, including taxes, insurance, water, repairs, etc., and so long as you maintain the same in good condition.

In the event that you should desire to sublet either or both of the said properties for a portion or for the whole of your life tenancy, the prospective tenant must be satisfactory to the Bank and you must secure in writing from such tenant the proper agreement that upon your demise the Bank shall have the right to enter into immediate possession.

It is the intent of this arrangement that you are to enjoy the rights of a life tenant, but that the Bank does not agree nor does it undertake to assure you such a tenancy, in the event that either or both of the said properties are damaged or destroyed by fire or otherwise rendered unfit for occupancy.

The Bank further agrees not to dispose of the said properties except subject to the rights of Mrs. Steinert herein enumerated.

It is a condition of this agreement that it shall not be recorded in any Registry of Deeds.

This agreement has at no time been recorded in any registry of deeds. During the years 1954 to 1956, inclusive, title of record to both properties has been in the name of the First National Bank of Boston. During these years, the insurance on both properties was in the name of the bank.

[*449] Chapter 59, section 11, of the Laws of Massachusetts provides as follows:

Real Estate. Taxes on real estate shall be assessed, in the town where it lies, to the person who is the owner on January first, and the person appearing of record, in the records of the county * * * where the estate lies, as owner on January first, even though deceased, shall be held to be the true owner thereof; provided, that whenever the commissioner deems it proper he may, in writing, authorize the assessment of taxes upon real estate to the person who is in possession thereof on January first, and such person shall thereupon be held to be the true owner thereof for the purposes of this section; and provided further, that whenever the commissioner deems it proper he may, in writing, authorize the assessment of taxes upon any present interest in real estate to the owner of such interest on January first, and taxes on such interest may thereupon be assessed to such person * * *

During the years 1954 to 1956, inclusive, the real estate taxes on the Boston and Beverly properties were assessed in the name of the First National Bank of Boston. Petitioner paid these taxes in the amount of $ 3,590.60 for 1954, $ 3,644.60 for 1955, and $ 4,055.80 for 1956, and claimed deductions for these payments in her income tax returns. Respondent disallowed these deductions.

Section 164 of the Internal Revenue Code of 1954 provides that, with certain exceptions not here material, there shall be allowed as a deduction taxes paid or accrued within the taxable year. Applicable income tax regulations issued under the 1954 Code provide, in section 1.164-1, that "[in] general, taxes are deductible only by the person upon whom they are imposed." This Court has held, however, that one owning a beneficial interest in property who pays taxes thereon to protect such interest may deduct the payment so made, even though legal title to the property is in another against whom the taxes are formally assessed. *Cornelia C. F. Horsford, 2 T.C. 826; Estate of Mary Rumsey Movius, 22 T.C. 391.*

Respondent contends that petitioner is not entitled to the claimed deductions for real estate taxes paid because she is not the person upon whom the taxes were imposed and was not legally liable to the taxing authorities for these taxes; that the agreement between petitioner and the bank created a lessor-lessee relationship and petitioner's payment of real estate taxes and other operating expenses of the properties was in the nature of rental payments; and that, in any event, petitioner had no estate or interest in the properties sufficient to constitute her payment of the taxes thereon as proper deductions in her income tax returns. We do not agree.

Petitioner, in consideration for the release of her dower and other interests in the Boston and Beverly properties, received from the bank the right to occupy those properties for her "natural life, rent free, so long as * * * [she paid] all the carrying charges of the same, including taxes, insurance, water, repairs, etc." The agreement of December [*450] 30, 1947, stated that it was "the intent of this arrangement that you are to enjoy the rights of a life tenant" and gave her the right "to sub-let either or both of the said properties for a portion or for the whole of your life tenancy." She acquired the right to occupy or sublet the properties for a period that was indefinite in duration and might continue as long as she lived, thus placing her interest in the properties in the category of estates for life. Cf. *Tinkham v. Wind, 319 Mass. 158, 65 N.E. 2d 14.* As life tenant she had the duty to pay carrying charges, including taxes assessed against the properties, and that duty did not arise merely as a

contractual obligation but was one imposed by law as an incident attaching to her estate. n1 When she paid the real estate taxes on the Boston and Beverly properties for the taxable years she was satisfying her liability regardless of whether the Massachusetts taxing authority assessed them in her name as the person who, on January 1 of each year, was in possession and had a present interest in the properties, or assessed them in the name of the bank as record owner. She paid the taxes not only because she had a duty as life tenant to do so, but also because her beneficial ownership of the properties for life would have ceased had she failed to do so. By making the payments, she insured the continuance of, and protected her life estate in, those properties. In the circumstances, our conclusion is that the respondent erred in disallowing the deductions for real estate taxes claimed by her in her returns for the taxable years. *Cornelia C. F. Horsford, supra; Estate of Mary Rumsey Movius, supra.*

- - - - - - - - - - - - - - - - - - -Footnotes- - - - - - - - - - - - - - - - - - -

n1 See 1 American Law of Property, secs. 2.19, 2.20.

- - - - - - - - - - - - - - - - - - -End Footnotes- - - - - - - - - - - - - - - - - -

2. In the year 1954 the property on Bay View Avenue, Beverly, sustained a loss in value as a result of hurricane damage in the amount of $ 5,500. Expenses of cleaning up the property after the hurricane, which were paid by petitioner, amounted to $ 1,100. In her income tax return for 1954, petitioner claimed a deduction for casualty loss in the amount of $ 6,600. This deduction was disallowed by respondent. Petitioner now urges she is entitled to a deduction for a casualty loss in 1954 in the amount of $ 1,831.94, comprising the $ 1,100 in clean-up expense actually paid by her, and $ 731.94 claimed by her to represent that part of the $ 5,500 loss in value to the property caused by the hurricane which is apportionable to her lire estate in the property.

Petitioner is entitled to a deduction of $ 1,100, which was the amount expended by her in cleaning up the Beverly property after the hurricane. A similar deduction claimed by a life tenant in *Katharine B. Bliss, 27 T.C. 770,* was allowed, and this allowance was not disturbed by the Court of Appeals for the Second Circuit when on appeal, *256 F. 2d 533,* it reversed that part of our decision holding that the life tenant was entitled to deduct only that portion of the storm loss applicable [*451] to her life interest. As to the $ 5,500 damage to the property itself, petitioner is not presently seeking a deduction in excess of what would have been allowable under our decision in the Bliss case. Although the record is not as clear as we would like in relation to the apportionment, we are reasonably satisfied that the $ 731.94 loss is fairly allocable to petitioner's life interest. We hold that petitioner is entitled to deduct that amount.

Decision will be entered under Rule 50.

SUMMARY

James McDougal, a major stockholder, with the help of others effectively controls the affairs of the Institution and its wholly-owned subsidiary. Among other things, this control enabled Mr. McDougal to use corporate resources to develop large land developments. It also enabled him to divert substantial amounts of funds from the projects to himself and others, who are considered to be insiders (relatives of Mr. McDougal, employees, relatives of employees and friends).

These developments have been determined to be of questionable economic worth and significant losses are apparent. Of particular concern are the Campobello, Maple Creek and Castle Grande projects. If recognized, losses associated with these projects could render the Institution insolvent.

For the most part, all projects, including the end-loans to purchasers, were financed by the Institution. Basically this funding was provided by cash receipts derived from insured savings deposits. Since Mr. McDougal acquired the Institution in 1982, liabilities grew from $6 million to over $123 million.

A large portion of the profits associated with the projects (sales of lots and tracts) were taken into income immediately. This accounting treatment is improper (as such sales were usually fully financed by the Institution and indirectly by its subsidiary). Instead, the profits should have been deferred. If the profits were booked properly, the Institution would be, in fact, insolvent.

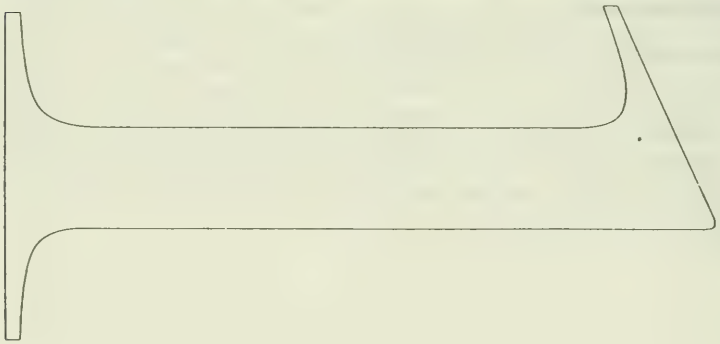
These profits also had a direct relationship to savings growth. By increasing net worth with the profits, the Institution effectively maintained a base to support some of this growth. The growth allowed Mr. McDougal to make the development investments and to direct cash payments to himself and other insiders.

In addition to the improper accounting entries, management blatantly disregarded numerous regulations, including the growth regulation. It is also apparent that certain provisions of the August 6, 1984 Supervisory Agreement were ignored.

The Board of Directors consented to a Cease and Desist order which became effective on August 15, 1986, and is shown as Exhibit 1. This order addresses most of the problems contained in the comments.

In the Board of Director's meeting on July 17, 1986, Mr. John Latham resigned as a Director, and the Board terminated his employment as Chairman of the Board and Chief Executive Officer. He was retained as an advisor to the Board. A Board Committee, composed of Directors Cutfman and Hawkins, is now directing the affairs of the Institution.

Formal investigative powers have been granted in this case under Section 407(m)(2) of the National Housing Act.



investment restricted Madison taking all of that property.

Mr. Ward had confidence in the value of the property, thought it was a good purchase and was willing to participate if in fact he had no liability beyond the piece of property he was acquiring. So it was a no risk situation to Ward who thought the project could work and thought it had strong potential for being another successful real estate development, and Ward's motivation was profit without risk.

Q. Who bore the risk in this transaction?

A. Assuming there was risk, and ultimately there was a risk because there was a loss, Madison Financial incurred the risk.

Q. All right, sir. I would ask you, given that background, was Mr. Ward a nominee of Madison Financial for purposes of this transaction?

A. Ward's participation accommodated Madison's desire to acquire the entire property.

Q. All right. Again, sir, do you have an opinion about whether Mr. Seth Ward served as a nominee of Madison Financial in this transaction?

A. I don't know that I can restrict it to serving only on Madison's behalf. I think Ward was serving also on his own behalf without risk. That accomplished Madison's

COPY

FEDERAL HOME LOAN BANK OF DALLAS

June 19, 1986 FHLBB No. 7601

Board of Directors
Madison Guaranty Savings and Loan
Association
P. O. Box 1583
16th and Main Streets
Augusta, Arkansas 72203

Dear Board Members:

An examination of Madison Guaranty's financial condition and operating practices is currently being conducted by examiners representing the Federal Home Loan Bank Board. This examination is not yet complete. However, it has already disclosed matters of serious supervisory concern including unsafe and unsound practices, instances of noncompliance with the July 19, 1984 Supervisory Agreement and regulatory violations. Accordingly, we are scheduling a board of directors meeting for July 24, 1986 at 1:30 p.m. to be held at the Federal Home Loan Bank of Dallas, 500 East John Carpenter Freeway.

Furthermore, as a result of this office's ongoing monitoring of Madison Guaranty, we have noted your association's continued failure to comply with the minimum net worth requirement of Section 563.13 of the Insurance Regulations. At April 30, 1986, your association's regulatory net worth totaled $2.6 million, some $1.65 million short of its minimum requirement.

As you know, the July 19, 1984 Supervisory Agreement by and between this office and your association requires you to take actions to effect Madison Guaranty's compliance with the net worth requirement of Insurance Regulation 563.13. However, during 1985, Madison Guaranty's liabilities grew 120% from $48 million to $105.8 million. In the first four months of 1986, liabilities grew 26% (annualized) to $115 million. This recent growth by your association appears totally contradictory to your July 19, 1984 commitment to bring Madison Guaranty into net worth compliance.

As a result of the seriousness of the preliminary results of the examination in progress at your institution, we find it necessary to take immediate supervisory action. Accordingly, pursuant to Insurance Regulations 563.13(d), we hereby direct you to take the following corrective actions until the aforementioned meeting is held and/or you receive further notice from this office:

CCBW-885.

CCBW-886.

1) The association shall upon receipt of this letter immediately adjust its savings rates to ensure that the rates it pays to attract savings deposits are not in excess of the rates paid on comparable deposits by competing institutions in the same market. Furthermore, until the July 24, 1986 meeting, the association shall immediately reduce its growth to ensure that it will not increase its liabilities in an amount that is in excess of the amount of interest credited on savings accounts and the amount necessary to fund any loans-in-process obligations or legally binding commitments existing as of the date of this letter.

2) Madison Guaranty shall comply fully with the restrictions and requirements of Insurance Regulation 563.9-8. Accordingly, among other things, the association may not make any additional "direct investments", as that term is defined in Section 563.9-8(b)(1) of the Insurance Regulations, without the prior written approval of this office.

3) The association, and its wholly owned subsidiary, shall immediately terminate the incentive compensation plans currently in effect for Messrs. McDougal and Henley, whereby they receive 10% of the net income generated by Madison Financial Corporation and Madison Guaranty, respectively. In addition, the compensation paid to these two individuals shall be immediately adjusted to a level commensurate to the compensation paid to officers with similar duties and responsibilities, who are employed by thrifts similar in size and operating practices to Madison Guaranty.

4) The association or any of its subsidiaries shall not make or commit to make, purchase or commit to purchase, all or any part of a loan secured by real estate, until and unless the following conditions have been met:

   a) the documentation requirements of Section 563.17-1(c) of the Insurance Regulations are fully satisfied;

   b) the appraisal report obtained is in compliance with requirements and guidelines of Memorandum R-41b; and

   c) the loan has a loan-to-value ratio of 90% or less based upon the lower of either the security property's sales price or its appraised value.

5) Madison Guaranty, or any of its subsidiaries, shall not finance any additional sales of real estate owned by the association or any of its subsidiaries, save for sales closed pursuant to legally binding commitments to provide such financing in existence at the date of this letter.

6) The association shall not, and shall not allow any of its subsidiaries, to transact business with any of the following named companies except for business transacted pursuant to contractual arrangements existing at the date of this letter. Furthermore, this office must be notified in

writing prior to any payment of $1000 or more by Madison Guaranty or any of its subsidiaries to any of the following companies pursuant to such a contractual arrangement. The companies are as follows:

1) Castle Sewer and Water Company

2) Castle Industries, Inc.

3) The Wilson Co., Inc.

4) Hot Stuff, Inc.

5) Abernathy Development

6) Sorenson Enterprise

7) Madison Marketing

8) Madison Real Estate

9) Designer Construction

10) Industrial Development Company of Little Rock (IDC)

11) Industrial Services Co. (ISC)

12) Madison Properties, Inc.

13) Dixie Continental Leasing, Inc.

14) Aunspaugh Designs

15) Master Developers, Inc.

16) Island Construction

If you have any questions regarding this letter or the July 24, 1986 meeting, please feel free to contact Chip G. Kiesewetter or myself at (214) 659-8500.

Very truly yours,

CCBW-887.

Walter H. Faulk
Supervisory Agent

WHF:CK:jc

bcc: ADRO-OES
Examinations

STATE OF ARKANSAS
OFFICE OF THE GOVERNOR

JR

ROUTE SLIP

To: [illegible]

Date: 3/14

From: DW

( ) For Approval
( ) For Signature
( ) For Comment
( ) Prepare Reply
( ) For Your Information
( ) For Necessary Action
( ) Initial And Forward
( ) Note And Return
( ) Please See Me
( ) As Requested

Remarks:

White Water Rock
(McDougal's company)

Do you still have ? pursuant
to Jim's current problem

If so, Jim would always
((it. . . No - Do u
have any

DKSN013309 More - B

ABC CDC – 1476

July 14, 1986

HAND-DELIVERED

Mr. Jim McDougal
Mr. John Latham
MADISON GUARANTY SAVINGS & LOAN
16th and Main Streets
Little Rock, AR 72203

Dear Jim and John:

When you requested the Rose Law Firm represent Madison on a specific matter in April, 1985, I advised you that the firm would credit fees against a monthly retainer and then bill for whatever fees might be in excess of the retainer at the end of each month. Since that time, Madison has run a credit in its account at the end of every month.

We are also aware that since that time Madison has been relying and continues to rely on a number of other law firms to provide ongoing representation, and that our representation has been for isolated matters and has not been continuous or significant.

You currently have a credit with the Rose Law Firm of $4,622.53. I am, therefore, returning the enclosed check our firm received for $2,000.00 as an advance against legal fees for the month of July, 1986, and a check for the retainer credit in the amount of $4,622.53.

RLF2 03062

DKSN001168

We do not believe it appropriate for us to take a pre-payment of legal fees when there is only one matter we are representing Madison on, namely the negotiations with Savers over the Babcock and Econolodge loan participations. If you would like us to work on another specific matter, we would be glad to discuss it on a case-by-case basis.

Sincerely yours,

For the Rose Law Firm
HILLARY RODHAM CLINTON

HRC:sjc

Enclosures: Original checks to John Latham
Copies of letter and checks to Jim McDougal

bcc: Mr. Vince Foster
Mr. Herb Rule

RLF2 03063

Arkansas State Building Services
Standard Lease Form I
Revised and Approved by
Attorney General, May, 1975

Lease Term 7-1-84 to 6-30-89
Annual Amount: $ 58,242.00
Square Feet: 6852
Rate: $ 8.50 per Square Feet
Type: OF
New: X Renewal: ____
Worked By: MS
County 60 Agency 395 Site 01

STATE OF ARKANSAS LEASE AGREEMENT

THIS LEASE MADE this 1st day of April, 1984, by which Madison Financial Corporation ("LESSOR") leases to the STATE OF ARKANSAS ("STATE") by Arkansas State Building Services ("SBS") for the use of Arkansas Housing Development Agency, 1501 Main Street, Little Rock, Arkansas 72202 or any other Department, Board, Commission or Agency of the STATE which SBS shall designate ("AGENCY"), the decribed property ("PREMISES") upon the terms of this lease.

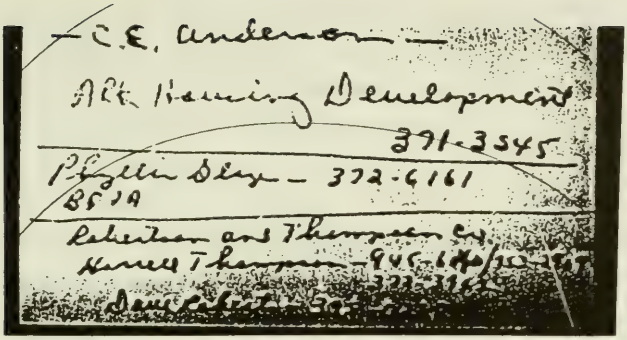
1. PREMISES. 6852 square feet of office space (consisting of 6385 sq. ft. of usuable space and 467 sq. ft. of common use space) with 26 automobile parking spaces designated by Lessor and an additional handicapped space at 1501 Main Street all situated in the City of Little Rock, County of Pulaski, Arkansas.

2. TERM. The initial term will begin on July 1, 1984 or as soon thereafter as the building is completed to meet plans and specifications and the Lessor's contractor and SBS agree that the space is ready to be occupied and end June 30, 1989. Should occupancy occur at a date later than July 1, 1984, the portion of that months rent shall be prorated on a daily rate of $161.78.

3. RENT. The STATE agrees to pay $ 4,853.50 per calendar month (quarter) in advance on the first day of each such period upon invoice from the LESSOR. Such amount to be paid by the AGENCY to LESSOR at:

1501 Main Street
Little Rock, Arkansas 72202

— C.E. Anderson —


C.E. Anderson
Alt. Housing Development
371-3545
Phyllis Diaz - 372-6161
BSIA
Robertson and Thompson Co.
James Thompson - 945-1440/
372-3161

4. UTILITIES AND SERVICES. If LESSOR will furnish the following utilities and services:

yes	electricity	yes	heat and air conditioning
yes	gas	yes	hot and cold water
N/A	elevator services	yes	water and sewer
yes	trash removal	yes	janitorial services and supplies daily (or ------)
yes	lamps, tubes, ballasts	yes	Security Service

5. MAINTENANCE, REPAIR, REPLACEMENT. LESSOR agrees to maintain the PREMISES in good repair and tenantable condition, making replacements when necessary, according to the reasonable satisfaction of the SBS including, but not limited to, all structural components, mechanical equipment, pest extermination and snow removal. If LESSOR fails to correct a deficiency within thirty (30) days after written notice from SBS or the AGENCY or within an appropriate shorter period stated in the notice in the event of a deficiency constituting a hazard to the health and safety of the STATE'S employees, property or any other person, the STATE may perform such maintenance or make such repair at its own cost and, in addition to any other remedy it may have, the STATE may deduct the amount thereof from the rent that may then be or thereafter become due. The STATE'S obligation to pay rent and the LESSOR'S obligation under this Lease are hereby made dependent.

6. DAMAGE & DESTRUCTION. LESSOR shall bear the risk of loss by fire or other casualty and shall maintain fire and extended coverage insurance to the full replacement value of the PREMISES. Upon any such occurrence, resulting in a casualty to the extent that the agency cannot continue its operations, the rent shall terminate. LESSOR agrees to promptly repair or replace any part of the PREMISES damaged or destroyed. Should the building not be restored to its original condition, reasonable wear and tear excepted, the Lease may be cancelled by written notice from SBS to LESSOR.

7. TERMINATION. The STATE may terminate this Lease by thirty (30) day written notice to LESSOR by SBS if the AGENCY'S funds are insufficient for it to continue the operations for which the PREMISES are being used.

8. MISCELLANEOUS. (a) This Lease and any modification or amendments to it will not be valid without the written approval of SBS. (b) This Lease shall benefit and find the parties hereto and their heirs, personal representatives, successors and assigns. (c) The STATE may terminate this Lease by written notice from SBS to LESSOR upon the taking by eminent domain of any part of the PREMISES. (d) Nothing in this Lease shall be construed to waive the sovereign immunity of the STATE or any entities thereof. (e) This Lease contains the entire agreement of the parties.

9. SPECIAL PROVISIONS. A. LESSOR shall provide STATE BUILDING SERVICES and ARKANSAS HOUSING DEVELOPMENT with an annual expense statement covering utilities and janitorial services costs. The first statement shall include the first year, July 1, 1984 through June 30, 1985. The second statement shall reflect expenses incurred July 1, 1985 through June 30, 1986. Upon receipt of [illegible] statement, STATE BUILDING SERVICES LEASING ADMINISTRATOR, AGENCY DIRECTOR and LESSOR shall review these expenses and negotiate the renewal rate for the [illegible] through June 30, 1989, based only on utilities and janitorial expenses incurred by LESSOR or projected by authorized personnel from the utility company. B. LESSOR agrees to construct the Agency's space according to the floor plan and specifications provided by STATE BUILDING SERVICES and approved by the Agency prior to executing this agreement. (See attached Floor Plan and Specifications) C. LESSOR agrees to provide Levlor Blinds in all offices, except the Director's office will have special tinted glass. D. The rentable area of [illegible] square feet includes 6385 square feet of net usuable space and 967 square feet of common use space in the hall and restrooms. E. LESSOR will comply with all codes, laws and regulations as they apply to access for handicapped individuals. F. State Building Services Structural Advisory Office will make color selections with final

approval by LESSOR. G. Lessor shall provide adequate air-conditioning in the Computer Room to maintain temperatore below 90° degrees.

10. ALTERATIONS. The STATE may make alterations, attach fixtures and epect additions and signs in or upon the PREMISES with prior written approval by LESSOR. Such fixtures, additions, and signs shall remain the property of the STATE and may be removed from the PREMISES within a reasonable time after the termination of this Lease provided the STATE shall restore the PREMISES to a condition as good as at the beginning of this Lease, ordinary wear and tear excepted.

EXECUTED by the parties who individually represent that each has the authority to enter into this Lease.

LESSOR:
Madison Financial Corporation

By: Paul X. Castleberry
Paul Castleberry, Vice President

Date: 4-10-84

STATE AGENCY:
Arkansas Housing Development Agency

By: Wooten Epes, Executive Director

Date: 4-9-84

STATE OF ARKANSAS
Arkansas State Building Services

By: Hilbert Howell
ASBS Leasing Administrator

Date: 4-10-84

By: Ted D. Maddox
ASBS Director

Date: 4/10/84

Arkansas State Building Services
Standard Lease Form 1
Approved by Attorney General
May, 1979

PLE
NO P6514

Lease Term: 9-20-85 to 9-19-88
Annual Rent: $ 13,579.96
Square Feet: 1,456
Rate: $ 9.32 per sq. ft.
Type: OF
New: X Renewal:
Worked by: MP
County 60 Agency 395 Site 002

STATE OF ARKANSAS LEASE AGREEMENT

THIS LEASE MADE this 13th day of August, 1985,
by which Madison Financial Corporation ("LESSOR") leases
to the STATE OF ARKANSAS ("STATE") by Arkansas State Building Services ("BSS")
for the use of Arkansas Development Finance Authority, 1501 Main Street,
Little Rock, Arkansas 72202
or other Department, Board, Commission or Agency of the STATE as may be designated
by BSS ("AGENCY"), the described property ("PREMISES") upon the terms

PREMISES: 1456 sq. ft. of office space

automobile parking spaces at
City of Little Rock County of Pulaski

TERM. The initial term will begin on
September 19, 1985. The STATE may elect to renew the lease
for (0) days upon the same terms by written notice to LESSOR prior to
(30) days before the end of the initial term.

RENT. The STATE agrees to pay $ 1131.66 per calendar month
(hereinafter) in advance on the first day of each such period, upon invoice from
LESSOR, apportionable on a daily basis, at $ 37.72 per account to be paid
by the AGENCY to LESSOR at: Madison Financial Corporation
1501 Main Street, Little Rock, Arkansas 72202

[illegible]

yes [illegible]

yes

___yes

___no elevator services

yes heat & air conditioning equipment [illegible] maintenance

yes hot & cold water

___yes trash removal

yes water & sewer

___yes lamps, tubes, ballasts and replacements

yes janitorial services and supplies-daily (or _____).

5. MAINTENANCE, REPAIR, REPLACEMENT. LESSOR agrees to maintain the PREMISES in good repair and tenantable condition, making replacements when necessary, according to the reasonable satisfaction of the SBS including, but not limited to, all structural components, mechanical equipment, pest extermination and snow removal. If LESSOR fails to correct a deficiency within thirty (30) days after written notice from SBS or the AGENCY or within an appropriate shorter period stated in the notice in the event of a deficiency constituting a hazard to the health and safety of the STATE'S employees, property or any other person, the STATE may perform such maintenance or make such repair at its own cost and, in addition to any other remedy it may have, the STATE may deduct the amount thereof from the rent that may then be or thereafter become due. The STATE'S obligation to pay rent and the LESSOR'S obligations under this Lease are hereby made dependent.

6. DAMAGE & DESTRUCTION. LESSOR shall bear the risk of loss by fire or other casualty and shall maintain fire and extended coverage insurance to the full replacement value of the PREMISES. Upon any such occurrence, the rent for the PREMISES shall terminate until the PREMISES are restored. LESSOR agrees to promptly repair or replace any part of the PREMISES damaged or destroyed; and, the STATE may terminate this Lease by written notice from SBS to LESSOR.

7. TERMINATION. The STATE may terminate this Lease by thirty (30) day written notice to LESSOR by SBS if the AGENCY'S funds are insufficient for it to continue the operations for which the PREMISES are being used.

8. MISCELLANEOUS. (a) This Lease and any modification or amendments to it will not be valid without the written approval of SBS. (b) This Lease shall benefit and bind the parties hereto and their heirs, personal representatives, successors and assigns. (c) The STATE may terminate this Lease by written notice from SBS to LESSOR upon the taking by eminent domain of any part of the PREMISES. (d) Nothing in this Lease shall be construed to waive the sovereign immunity of the STATE or any entities thereof. (e) This Lease contains the entire agreement of the parties.

9. SPECIAL PROVISIONS. The base rate of this lease is $8.50 per sq. ft. per year plus, $100.33 per month over the entire base period for renovation cost. Lessee shall have the option to sublease a portion of this space subject to pre-approval of Lessor. A. LESSOR shall provide STATE BUILDING SERVICES and ARKANSAS HOUSING DEVELOPMENT with an annual expense statement covering utilities and janitorial services costs. The first statement shall include the first year, July 1, 1984 through June 30, 1985. The second statement shall reflect expenses incurred July 1, 1985 through June 30, 1986. Upon receipt of this second statement, STATE BUILDING SERVICES LEASING ADMINISTRATOR, AGENCY DIRECTOR and LESSOR shall review these expenses and negotiate the renewal rate for July 1, 1987 through June 30, 1989, based only on utilities and janitorial expenses incurred by LESSOR or projected by authorized personnel from the utility companies. B. LESSOR agrees to construct the Agency's space according to the plans and specifications provided by STATE BUILDING SERVICES and approved by the Agency prior to executing this agreement. (See Attached Floor Plan "A" and Specifications) Lessee shall have the option to sublease a portion of this space subject to pre-approval of lessor.

(Special Provisions contained on the attached Addendum dated _____ are a part of this Lease only if signed by all parties to this Lease).

10. ALTERATIONS. The STATE may make alterations, attach fixtures and erect additions and signs in or upon the PREMISES. Such fixtures, additions, and signs shall remain the property of the STATE and may be removed from the PREMISES within a reasonable time after the termination of this Lease provided the STATE shall restore the PREMISES to a condition as good as at the beginning of this Lease, ordinary wear and tear excepted.

EXECUTED by the parties who individually represent that each has the authority to enter into this Lease.

LESSOR:
Madison Financial Corporation

By: _____
Paul Castleberry, Vice President
Date: _____

STATE AGENCY:
Arkansas Development Finance Authority

By: _____
Wooten Epes, President
Date: _____

STATE OF ARKANSAS
By: Arkansas State Building Services

By: _____ Date: 9/20/85
SBS Leasing Administrator

By: _____ Date: 9/23/85
SBS Director

Arkansas State Building Services
Standard Lease Form 1
Revised and Approved by
Attorney General, May,1979

P 6532

Lease Term: 12-30-85 to 12-30-19
Annual Rent: $17,362.50
Square Feet: 2315
Rate: $ 7.50 per sq. ft.
Type: O.N.
New: X Renewal:
Worked by: M.P.
County 60 Agency 630 Site 13

STATE OF ARKANSAS LEASE AGREEMENT

THIS LEASE MADE this 7th day of November, 19 85 by which Madison Financial Corporation ("LESSOR") leases to the STATE OF ARKANSAS ("STATE") by Arkansas State Building Services ("SBS") for the use of Department of Finance and Administration, Revenue Division, P.O. Box 1272, Little Rock, AR. 72203 or any other Department, Board, Commission or Agency of the STATE which SBS shall designate ("AGENCY"), the described property ("PREMISES") upon the terms of this Lease.

1. PREMISES. Free standing building consisting of 2315 sq. ft. of space with adequate automobile parking spaces at 1520 Main Street; all situated in the City of Little Rock, County of Pulaski Arkansas.

2. TERM. The initial term will begin on December 30, 1985 and end December 30, 1991. The STATE may elect to extend the term not more than sixty (60) days upon the same terms by written notice to LESSOR not less than thirty (30) days before the end of the initial term.

3. RENT. The STATE agrees to pay $ 1,446.87 per calendar month ~~XXXXXXXX~~ in advance on the first day of each such period upon invoice from the LESSOR, apportionable on a daily basis, at $ 18.22 for the first 3 years of the lease term December 30,1985 through December 30, 1988. From December 31, 1988 through December 31, 19[illegible] the rate shall be based on $7.95 per sq. ft., or $1536.68 per calendar month. Madison Financial Corporation P. O. Box [illegible]

7. TERMINATION. The STATE may terminate this Lease by thirty (30) day written notice to LESSOR by SBS if the AGENCY'S funds are insufficient for it to continue the operations for which the PREMISES are being used.

8. MISCELLANEOUS. (a) This Lease and any modification or amendments to it will not be valid without the written approval of SBS. (b) This Lease shall benefit and bind the parties hereto and their heirs, personal representatives, successors and assigns. (c) The STATE may terminate this Lease by written notice from SBS to LESSOR upon the taking by eminent domain of any part of the PREMISES. (d) Nothing in this Lease shall be construed to waive the sovereign immunity of the STATE or any entities thereof. (e) This Lease contains the entire agreement of the parties.

9. SPECIAL PROVISIONS. Lighting shall be 2'x4' drop in concentrated over work area. Candle power to meet Southern Building Code. All exterior walls to be stucco and painted. Heating and Air Conditioning shall be of sufficient capacity to insure the comfort of the lessees' employees & clients. All glass in building shall be insulated and tinted. Renovation shall be performed as outlined in Exhibit A and B to become a part of this lease agreement.

(Special Provisions contained on the attached Addendum dated N/A are a part of this Lease only if signed by all the parties to this Lease.)

10. ALTERATIONS. The STATE may make alterations, attach fixtures and erect additions and signs in or upon the PREMISES. Such fixtures, additions, and signs shall remain the property of the STATE and may be removed from the PREMISES within a reasonable time after the termination of this Lease provided the STATE shall restore the PREMISES to a condition as good as at the beginning of this Lease, ordinary wear and tear excepted.

4-4 Rel Jil

TO: JC

DATE: 3/25/85

FROM: Gaddy

RE: Jim McDougal's Fundraiser

374-7777

( ) Immediate action
( ) Draft reply for Governor
( ) Reply or act in 1 week
( ) Prepare report
(✓) For comment
( ) No action required
( ) Please see me
( ) File
( ) For your information

REMARKS:

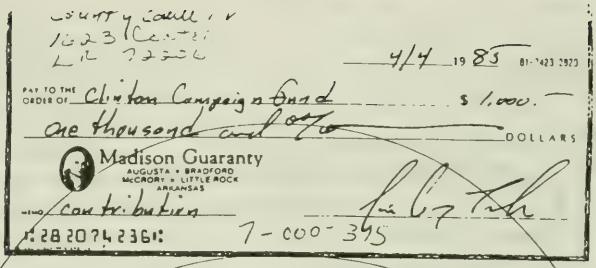
Wants you to come be for 30 minutes on either April 3 or April 4 for a fund-raiser for you. He said it has to be one of those dates because that is when Fulbright can come. On April 3, you have an appt. at the Allergy Clinic at 3:00. On April 4, You have Proclamations at 3:00. Looks like 4/4/ would be the best time around 4:00 or 4:30 what do you think?

46 E. Main
Main Quarter
Quincy Office

Book Reading Room

CONFIDENTIAL

DKSN001259 CONFIDENTIAL DKRT800557A



Madison Guaranty
AUGUSTA • BRADFORD
McCRORY • LITTLE ROCK
ARKANSAS

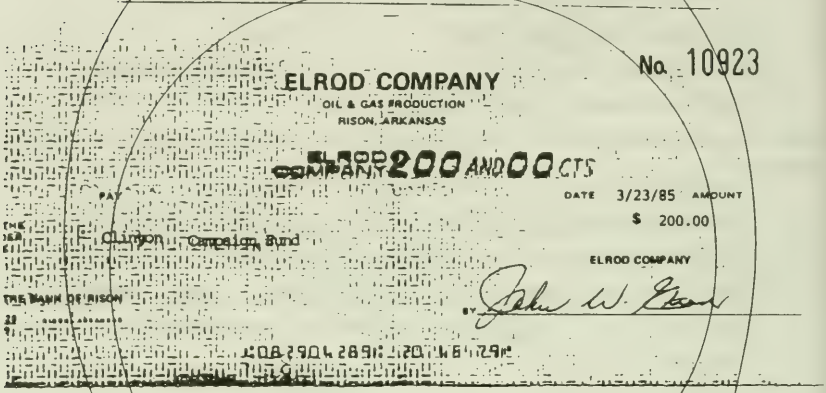
4/4 19 85

PAY TO THE ORDER OF Clinton Campaign Fund $ 1,000.—

One Thousand and no/100 DOLLARS

Contribution

⑆282074236⑆ 7-000-345



No. 10923

ELROD COMPANY
OIL & GAS PRODUCTION
RISON, ARKANSAS

COMPANY 200 AND 00 CTS

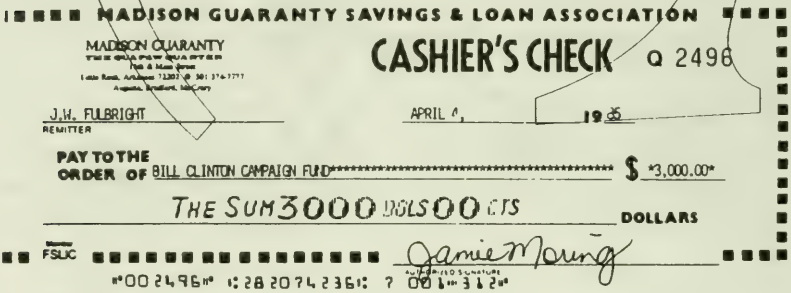
DATE 3/23/85 AMOUNT $ 200.00

PAY Clinton Campaign Fund

ELROD COMPANY

THE BANK OF RISON

⑆082904289⑆ 120 [illegible]



MADISON GUARANTY SAVINGS & LOAN ASSOCIATION

MADISON GUARANTY
THE GUARANTY QUARTER
Fee & Main Center
Little Rock, Arkansas 72201 (501) 374-7777
Augusta, Bradford, McCrory

CASHIER'S CHECK Q 2496

J.W. FULBRIGHT
REMITTER

APRIL 4, 1985

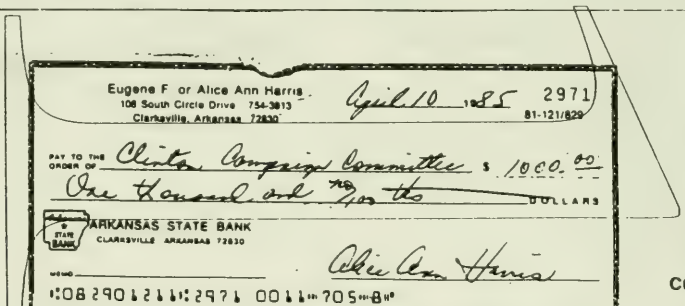
PAY TO THE ORDER OF BILL CLINTON CAMPAIGN FUND ********** $ *3,000.00*

THE SUM 3000 DOLS 00 CTS DOLLARS

FSLIC

Janie Young
AUTHORIZED SIGNATURE

⑈002496⑈ ⑆282074236⑆ ? 001 312⑈



Eugene F or Alice Ann Harris
108 South Circle Drive 754-3813
Clarksville, Arkansas 72830

April 10 1985 2971
81-121/829

PAY TO THE ORDER OF Clinton Campaign Committee $ 1000.00

One Thousand and no/100 DOLLARS

ARKANSAS STATE BANK
CLARKSVILLE ARKANSAS 72830

Alice Ann Harris

⑆082901211⑆2971 001 705⑈8⑈

CCBW-001

Madera County
Madera County
D-2

MADISON GUARANTY
SAVINGS & LOAN ASSOCIATION
P.O. Box 1583
Little Rock, AR 72203

Loan Number
Date April 5, 19
Maturity Date April 5, 19
Loan Amount $ 50,000.00
Renewal Of

BORROWER'S NAME AND ADDRESS (includes each borrower above, jointly and severally)

LENDER'S NAME AND ADDRESS ("I" and "me" refer to lender and its successors and assigns)

Note promises to pay to me or your order at your address above the principal sum of
fifty thousand and 00/100
Dollars $ 50,000.00
plus interest from April 5, 1988 at the rate of 13.00 % per year until paid in full

I will pay this amount as follows:

☐ on demand; but if I make a claim or am sued, you may choose not to make any further loans to me under any agreement we have now or in the future.
☒ on or about but if I make a claim or am sued, you may choose not to make any further loans to me under any agreement we have now or in the future.
☐ on
I will not be charged for prepaying. If I borrow more than this amount, I will pay an extra charge of
and on the maturity date
or ☐ in 1 installments of $ 21,170.00 each beginning April 5, 19 88 and continuing on the same day of each ☐ month ☒ year thereafter until April 5, 19 88, when a final payment of $ 21,170.00 will be due
or ☐ as follows:

PAYMENTS: Each payment will be applied as allowed by law to accrued unpaid finance charges and the remainder of each payment will be applied to reduce the principal balance. The final payment will be the amount required to pay all remaining unpaid principal plus any accrued unpaid finance charges.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of default, including your reasonable attorney's fees.

☐ If checked, I agree to pay a minimum interest charge of $ if I pay this loan off before you have earned this amount of interest.

☒ If checked, I agree to pay a late charge of 5 % of the amount of a payment which is not paid within 10 days of when it is due up to a maximum of $ 7.50

THE PURPOSE OF THIS LOAN IS business

☐ If checked, I agree to pay interest at the rate of % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration.

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments
13.00 %	$ 13,582.27	$ 50,000.00	$ 63,582.27

I have the right to receive at this time an itemization of the Amount Financed.
☒ YES (I want an itemization)
☐ NO (I do not want an itemization)

My Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
1	$ 21,170.00	beginning April 5, 1988 and on each succeeding year thereafter
	$	until paid in full
	$	
	$	

I prepay at my option
$ Closing Fees
$ Term Insurance

☐ This note is not a variable rate obligation. ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year.

Security: I am giving a security interest in:
☒ the goods or property I buy with this loan
☒ certain of securities and other property you may also receive this loan
☒ any deposit accounts and other rights to the payment of money from you

UCC-1 Equipment

Late Charge: ☐ I will be charged $ % of the amount of a payment which is more than days late up to a maximum of $
Prepayment: If I pay off early, I ☐ may ☒ will not have to pay a penalty.
☐ may ☒ will not be entitled to a refund of part of the finance charge.

See the contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit.

Type	Premium	Term	Signature for Insurance
Credit Life			I want credit life insurance $ Signature Name of Insured
Credit Disability			I want credit disability insurance $ Signature Name of Insured
Joint Credit Life			I want joint credit life insurance $ Signature Name of Insured Signature Name of Insured

I do not want credit life insurance. I want credit disability insurance. I want joint credit life insurance.

Property Insurance: I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay $ for coverage.

Itemization of Amount Financed

Amount given to me directly	$ (a)
Amount paid on my account	$ (b)
Amounts paid to others on my behalf	
To Property Insurance Company	$ (c)
To Credit Life Insurance Company	$ (d)
To Disability Insurance Company	$ (e)
To Public Officials	$ (f)
	$ (g)
	$ (h)
Prepaid Finance Charge	$ (i)
AMOUNT FINANCED (amount given to me directly + amount paid on my account)	$ 50,000.00 (j)
Finance Charge (interest + prepaid finance charge)	$ 13,582.27 (k)
Total of Payments (j + k)	$ 63,582.27 (l)

Security: To secure the payment of the note and all renewals and extensions of the note, I grant you a security interest in:
(1) all property described above and all property described in any security agreement that secures any obligation you have (now or hereafter) to me.
(2) You may apply the proceeds (or balance of unused proceeds) of any insurance policy covering the property described above and against any sum owed to you by me under any security agreement covering the property described above. You will apply this remedy only to the extent that it does not violate the law.
(3) ☐ If checked, this note is not further secured.
(4) ☒ If checked, this note is secured by a separate UCC-1 agreement dated (This property should be described on the Truth in Lending Disclosure above.)
(5) ☐ Security Agreement. If checked, I grant you a security interest in the property described below. The words I and property and the obligations this agreement secures are defined on the reverse side of this form.

UCC-1
(Equipment located in White County)

☐ If checked, this security agreement should be filed in the real estate records.
Legal Description
Record Owner (if not me)

This property will be used for: ☐ Personal ☒ Business ☐ Agricultural
☐ farming purposes
☐ If checked, this is a purchase money loan. You may include the name of the seller on the check or draft for this loan.

Signatures

Any person who signs below understands that he is giving you a security interest in the property described above, but assumes no personal obligation to pay this note.

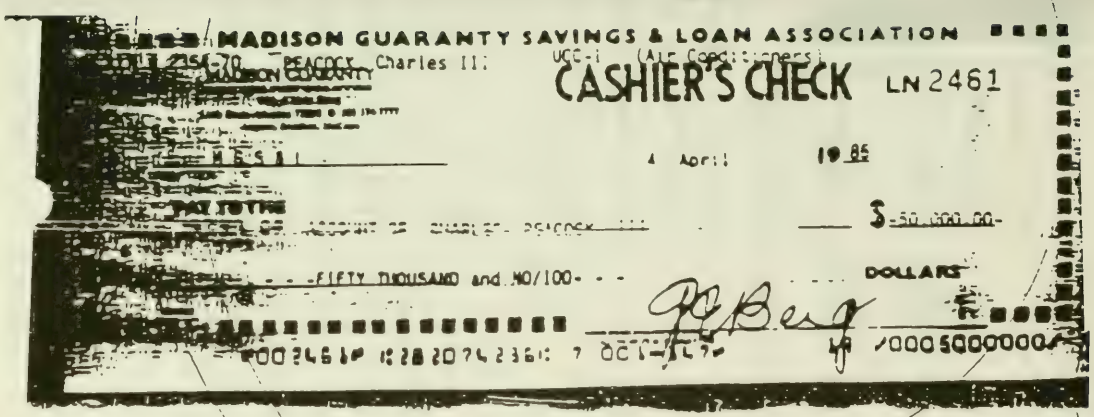
Name
X Date
Signature for Lender - required only for taking this security agreement

I agree to the terms of this note and security agreement above including those on the other side of this form and acknowledge receipt of it and a true copy on today's date.

Signature Frank Broach III
James Rasco, III
☐ If checked, the signature below was required as a condition of credit.
Signature

X
SIMPLE INTEREST NOTE, DISCLOSURE, AND SECURITY AGREEMENT

E-1



MADISON GUARANTY SAVINGS & LOAN ASSOCIATION

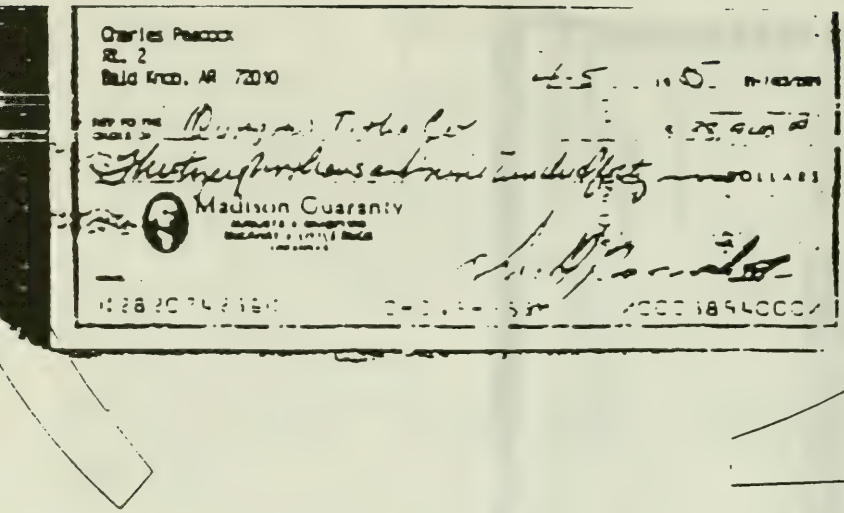
CASHIER'S CHECK LN 2461

4 April 19 85

$ 50,000.00

FIFTY THOUSAND and NO/100 DOLLARS

D-1


Charles Peacock
Rt. 2
Bald Knob, AR 72010
Madison Guaranty

MEMORANDUM

Fund Raiser
18

TO: JSS

FROM: LM

DATE: April 23, 1987

RE: Madison v. Peacock

Our firm represents Madison Guaranty Savings & Loan Association ("Madison") in several collection matters related to Charles Peacock, III, his children and related entities. We have been dealing primarily with Ms. Pat Heritage, a loan and collection officer with Madison.

On Tuesday, April 21, 1987, Ms. Pat Heritage informed me that she had spoken with Mr. Greg Hopkins, attorney for the Peacocks. Mr. Hopkins informed Ms. Heritage that there is a move underway to have our firm disqualified from representing Madison. The basis of the disqualification is that Jim Guy Tucker has substantial involvement with Madison and with Mr. Jim McDougal, that this creates a conflict, and therefore, our firm should be disqualified.

Mr. Hopkins went on to explain that there was substantial wrongdoing regarding the prior administration of Madison, that several people were "going to go to prison," and that our firm will be severely embarrassed when a full disclosure is made and our firm is disqualified with potential sanctions being imposed. Mr. Hopkins also stated that the matters

HOUSE

regarding the Peacocks and Madison was getting too dirty and he has considered resigning his representation of the Peacocks.

Mr. Hopkins further informed Ms. Heritage that Madison should seek additional counsel not only because of Jim Guy's conflict, but also because all our firm is doing is churning the files in an effort to enhance the amount of the billings and that we have no concern for the ultimate outcome or the costs incurred by Madison.

In addition, Mr. Hopkins informed Ms. Heritage that one of the loans made by Madison to Dixie Continental Leasing, upon which Marcy Taylor has undertaken foreclosure proceedings, also involves fraudulent transactions. Mr. Hopkins stated that a portion of the loan proceeds made to Dixie Continental Leasing went to Bill Clinton's campaign and that in return for the substantial campaign contribution, Bill Clinton assured Jim McDougal that a state agency would lease space from Madison at its headquarters on Main Street in Little Rock. I fail to see any conflict with regard to our firm based upon the Dixie Continental/Bill Clinton transaction, but Mr. Hopkins seems convinced that wrongdoing existed that would be imputed to our firm.

Mr. Hopkins further stated that I should not have said what I did in front of the Bankruptcy Court at the hearing held on Wednesday, April 8, 1987. At that hearing we were successful in having the Peacock Brothers d/b/a The Peacock

HOUSE

T1000220

Company's Chapter 11 bankruptcy petition dismissed with prejudice.

I am of the opinion that Mr. Hopkins was severely embarrassed as a result of having the Chapter 11 dismissed with prejudice after he had made representations to his client that everything would be taken care of. Mr. Hopkins is now apparently attempting to slander our firm and making allegations that I feel are wholly unsupported by the facts in these proceedings. I am greatly offended that Mr. Hopkins has imputed that Mr. Tucker is some way involved with the fraudulent dealings and that our firm is involved in misdealings.

On April 21, 1987, immediately after discussing this matter with Ms. Pat Heritage, Tim Grooms and I discussed the matter with Mr. Tucker. Jim Guy reassured us that he has no conflict with regard to his personal transactions with Madison. In addition, Jim Guy informed us that a full disclosure of his transactions with Madison has been made to the FSLIC and that the representation of our firm has been approved by the FSLIC. Jim Guy suggested that I draft this memorandum to inform you of the statements made and to solicit your advice regarding the allegations made by Mr. Hopkins.

Please review the matters set forth above and, at your convenience, contact either Tim or myself regarding any comments or suggestions that you may have to an effective resolution of the matters set forth herein.

HOUSE

cc: Mr. Jim Guy Tucker

1ST DOCUMENT of Level 1 printed in FULL format.

ARKANSAS CODE OF 1987 ANNOTATED -- COURT RULES
Copyright (c) 1987-1994 by The Michie Company
All rights reserved.

(THIS DOCUMENT IS CURRENT THROUGH FEBRUARY 1, 1994)

MODEL RULES OF PROFESSIONAL CONDUCT
TRANSACTIONS WITH PERSONS OTHER THAN CLIENTS

Model Prof. Cond. Rule 4.1 (1994)

Rule 4.1. Truthfulness in Statements to Others

In the course of representing a client a lawyer shall not knowingly:

(a) make a false statement of material fact or law to a third person; or

(b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6.

NOTES:

COMMENT

Misrepresentation

A lawyer is required to be truthful when dealing with others on a client's behalf, but generally has no affirmative duty to inform an opposing party of relevant facts. A misrepresentation can occur if the lawyer incorporates or affirms a statement of another person that the lawyer knows is false. Misrepresentations can also occur by failure to act.

Statements of Fact

This Rule refers to statements of fact. Whether a particular statement should be regarded as one of fact can depend on the circumstances. Under generally accepted conventions in negotiation, certain types of statements ordinarily are not taken as statements of material fact. Estimates of price or value placed on the subject of a transaction and a party's intentions as to an acceptable settlement of a claim are in this category, and so is the existence of an undisclosed principal except where nondisclosure of the principal would constitute fraud.

Fraud by Client

Paragraph (b) recognizes that substantive law may require a lawyer to disclose certain information to avoid being deemed to have assisted the client's crime or fraud. The requirement of disclosure created by this paragraph is, however, subject to the obligations created by Rule 1.6.

CODE COMPARISON

Rule 4.1(a) is substantially similar to DR 7-102(A)(5), which states that "In his representation of a client, a lawyer shall not . . . knowingly make a false statement of law or fact."

With regard to Rule 4.1(b), DR 7-102(A)(3) provides that a lawyer shall not "conceal or knowingly fail to disclose that which he is required by law to reveal."

CASE NOTES

ANALYSIS

Confidentiality.
Disclosure.

Confidentiality.

Subject to certain exceptions, confidentiality of all communications, complaints, formal complaints, testimony, and evidence based upon a complaint, is absolutely privileged. *Colvin v. Committee on Professional Conduct, 309 Ark. 592, 832 S.W.2d 246 (1992).*

Disclosure.

Lawyers have a duty to disclose to the judge all the material facts of the case, and failure to do so violates the clear wording, as well as the spirit, of the rules of conduct. *Fitzhugh v. Committee on Professional Conduct, 308 Ark. 313, 823 S.W.2d 896 (1992).*

Special Board Meeting
MADISON GUARANTY SAVINGS AND LOAN ASSOCIATION
MADISON FINANCIAL CORPORATION
July 15, 1986

The board of directors met at the Mitchell, Williams, Selig, Jackson an Tucker Law Firm (Mitchell Law Firm), 1000 Savers Federal Building, Little R Arkansas, at 10:00 a.m. on July 15, 1986.

Present were Steve Cuffman, Sarah Hawkins, Jack Owen, Chuck Peacock, Jo Latham, John Selig, Breek Speed, and Greg Hopkins, attorney for Chuck Peacock

The first item of business was discussion of Robert Wilson as chi executive officer in conjunction with his purchase of the Association's stoc John Selig stated that Wilson had no interest in acquiring all stock owned the McDougals. John Latham stated that a recent conversation indicated Wils did want to acquire all the outstanding stock of the McDougals. Mr. Selig th began to explain the loan transactions between Bob Wilson and Madison Guaran and Madison Financial as disclosed to him by Bob Wilson. Pursuant to th discussion, Mr. Selig recommended that Bob Wilson make contact directly wi the Federal Home Loan Bank and that the board of directors not recommend M Wilson to the Federal Home Loan Bank for purchase of the stock. Greg Hopki stated that by Mr. Wilson acting as a consultant that may have damaged h credibility with the Federal Home Loan Bank.

Mr. Selig then presented a letter to the board disclosing all transactio between the Mitchell Law Firm and the Association. He indicated that becau Jim Guy Tucker, a friend of Jim McDougal's, was a partner in the firm that t Mitchell Law Firm could not represent the Association in matters involving t McDougals and Mr. Tucker. He further requested that the board review t letter and decide if they still wanted to retain the firm as general couns for the Association. The board then reviewed the letter as presented by M Selig. It was noted that there were several discrepancies in the letter a the transaction as it was understood by Mr. Latham. Mr. Tucker was then call in to the meeting to explain his transactions involving Castle Water and Sew and other acquisitions purchased by him.

Mr. Tucker explained that he had an old agreement with Mr. McDougal have 110 hook-ups per year at a cost of $500.00 per hook-up with t Castle Water and Sewer Company.

He also explained that the Industrial Development Corporation or t utility company that he had purchased had not registered as a utility b it was not a problem under Arkansas law.

He also explained that he was asked to purchase the assets because t asset was not an authorized investment for the service corporation.

Mr. Tucker also tried to explained the chain of ownership of the asset the sewer company as he understood it. He then explained that he h acquired the asset at a cost of $1.2 million at 10.5% interest rate with 30 year amortization. He indicated that income was sufficient to servi the debts, his biggest clients being Siemens-Allis and Levi Strauss. indicated that he did make the down payment, that it was not financed Madison Guaranty.

HOUSE

PLS03127

MEMORANDUM

TO: Hillary Clinton

FROM: Rick Donovan

DATE: February 17, 1986

RE: Madison Guaranty Savings & Loan/IDC 0000090

I. FACTS

Madison Guaranty Savings & Loan Association ("Madison Guaranty") purchased property ("IDC Development") owned by the Industrial Development Company of Little Rock ("IDC"). Industrial Services Company ("ISC"), a wholly owned subsidiary of IDC, furnished sewer and water service to a number of patrons who obtained their title directly or indirectly through the IDC chain of title. These patrons can be considered "residents" of the IDC Development. Madison Guaranty purchased ISC's sewer and water service and continues to furnish those services to various patrons within the IDC Development.

Madison Guaranty/IDC would like to sell water to a business outside the IDC Development and also to another real estate development, Maple Creek.

II. QUESTION PRESENTED

Is or should Madison Guaranty/IDC become a public utility and what is the effect of that characterization and can Madison

Guaranty/IDC sell water to a business outside the IDC Development and to another real estate development, Maple Creek?

III. CONCLUSION

Madison Guaranty/IDC is a public utility and as such is governed by various state laws and regulations. However, for purposes of the jurisdiction of the Arkansas Public Service Commission ("PSC"), Madison Guaranty/IDC would have to either submit itself to the jurisdiction of the PSC through a declaratory judgment action before the PSC or await PSC scrutiny in the event a patron complains to the PSC regarding rates charged or services rendered by Madison Guaranty/IDC. Many small water and sewage companies such as Madison Guaranty/IDC never become regulated by the PSC as "public utilities" even though they fall within the statutory definition.

Even if Madison Guaranty/IDC does not submit itself to or become regulated by the PSC, it is required to obtain licenses and permits from the Arkansas Board of Health and the Arkansas Pollution Control System.

Assuming an expansion of water and sewer services to customers outside the IDC Development does not impede or impair services to present patrons, Madison Guaranty/IDC is free to extend its services beyond the IDC Development.

IV. DISCUSSION

A. MADISON GUARANTY/IDC APPEARS TO BE A PUBLIC UTILITY.

One question raised is whether or not Madison Guaranty/IDC should become a public utility and what the effect of such a characterization would be. Under the common law and the Arkansas Legislature's statutory definition of a "public utility," Madison Guaranty/IDC, by its operation of the waterworks and sewer plant at the IDC Development, would appear to be a "public utility."

Generally speaking, a public utility has been described as a business organization which regularly supplies the public with some commodity or service such as electricity, gas, water, transportation, or telephone or telegraph service. 73B C.J.S. Public Utilities § 2. A well recognized test of whether an entity is a public utility is whether or not that entity holds itself out, expressly or impliedly, as engaged in the business of supplying a product or service to the public, as a class, or to any limited portion of it, as distinguished from holding itself out as serving or ready to serve only particular individuals. Natural Gas Service Co. v. SERV-YU Cooperative, 70 Ariz. 235, 219 P.2d 324 (1950).

The Arkansas Legislature has statutorily defined a "public utility" for purposes of state regulation of public utilities by the PSC. Ark. Stat. Ann. § 73-201(d)(2) (Repl. 1973) provides:

HIGHLY CONFIDENTIAL

MEMORANDUM

TO: Hillary Clinton

FROM: Rick Donovan

DATE: March 4, 1986

RE: Madison Guaranty Savings and Loan/IDC

I. QUESTION PRESENTED

Does the fact that Madison Guaranty/IDC's potential water customers are within the Little Rock corporate city limits preclude the extension of services to those customers by Madison Guaranty/IDC?

II. CONCLUSION

Merely because the potential water customers are within the Little Rock corporate city limits does not preclude extension of water services by Madison Guaranty/IDC to those potential customers.

III. DISCUSSION

The question raised was whether or not the fact that the potential water customers of Madison Guaranty/IDC were within the corporate city limits of Little Rock would preclude

extension of services to those customers. The concern was that the City of Little Rock Water Works would have the exclusive right to extend water services to patrons within the corporate city limits.

First of all, it should be pointed out that there is no state statute or municipal ordinance which grants the City of Little Rock Water Works such an exclusive right. Nor is there any case law which would establish an exclusive right. On the contrary, the common law precludes the municipality from enforcing such an exclusive right.

In researching this issue, I first had a telephone conversation with the legal staff of the Public Service Commission ("PSC"). I was informed by the legal staff of the PSC, when presented with the question addressed herein, that water utilities in Arkansas have no "allocated territories" such as electricity and natural gas. Thus, according to the PSC staff, there is no such thing as "exclusive territory" for a water utility and water utilities are free to offer services where they choose.

I then had a telephone conversation with a manager at the Little Rock Water Works. He informed me that persons within the City of Little Rock corporate city limits are free to obtain water from whatever source they want to. He explained that it is the policy of the City of Little Rock Water Works to install plant back up facilities, sources of supplies, treatment plants,

and transmission lines, and it is then up to the individual property owner to install distribution lines to "tie in" to city water. This can be done several different ways, but the usual method is for a subdivision to form a water improvement district. The City of Little Rock Water Works would work closely with the improvement district to see that city water is made available to the subdivision. The Little Rock Water Works spokesperson did state that they discourage private real estate development companies from providing water to its patrons because of the fear that people will not be getting the best service available.

As a general common law rule, a municipality has no authority to enact and enforce ordinances which are designed to compel everyone within the city limits to use municipally-supplied water, if and when available, and to prevent absolutely the repair, alteration, improvement, or operation of a privately owned water system. That is not to say that a municipality cannot use it's police powers to protect the health and safety of its citizens to prohibit the sale of water which is dangerous to the public health. 78 AM JUR. 2d WATER WORKS AND WATER COMPANIES § 3. Thus, in Midway v. Midway Nursing and Convalescent Center, Inc., 230 Ga. 777, 195 S.E.2d 452 (1973), the Georgia Supreme Court held that there is no authority, statutory or common law, whereby a city could compel the use of city water or connection to a city water system.

RS 000943

In fact, it is a general common law rule that a municipality cannot be compelled to extend its water to an entirely new subdivision within its territorial limits, absent any arbitrary or fraudulant conduct on the part of the city. 78 AM JUR. 2d WATER WORKS AND WATER COMPANY § 21. Thus, in Crownhill Homes, Inc. v. San Antonio, 433 S.W.2d 448 (Texas Civil Appeals, 1968), the Texas appellate court rejected the plaintiff real estate developer's argument that the City of San Antonio be compelled to supply city water to newly built subdivision within the corporate city limits. It was up to the real estate developer to find alternative methods for supplying water to the subdivision through a privately owned water system.

IV. SUMMARY

To summarize, merely because the potential Madison Guaranty/IDC water customers are within the Little Rock corporate city limits, Madison Guaranty/IDC is not precluded from extending its water services to those potential patrons. Not only is there no state statute or city ordinance which would preclude such an extension of Madison Guaranty/IDC's water services, but the common law general rule is that a municipality has no authority to enact an ordinance or to require persons within its territorial limits to use municipally supplied water to the exclusion of a privately owned system.

TO: BC

DATE: 4/4

FROM: NH

RE: RD Randolph's Visit

( )	Immediate action	( )	No action required
( )	Draft reply for Governor	( )	Please see me
( )	Reply or act in 1 week	( )	File
( )	Prepare report	( )	For your information
( )	For comment		

REMARKS:

Mr. Randolph dropped by to see you this morning to talk to you about the Water Bill you vetoed. He said that he talked to you on Sunday morning. He wants to know if the veto is going to stand. He would like you to call Jim Guy Tucker about this. He said that he has a difficult time getting an answer from you. (He mentioned a meeting between you, Tucker and Jim McDougal a couple of years ago which involved $33,000. This was pretty cryptic.) He seemed angry. Someone, I think he prefers you, needs to call Tucker.

cc SB 4/5

DKSN018008

County Cable TV
1623 Center
LR 72206

4/4 19 85 81-7421/2820

PAY TO THE ORDER OF Clinton Campaign Fund $ 1,000.—

One thousand and no/100 DOLLARS

Madison Guaranty
AUGUSTA • BRADFORD
McCRORY • LITTLE ROCK
ARKANSAS

For contributing

⑈28207423611

ELROD
OIL & GAS
RISON, ARKANSAS

COMPANY 200 AND 00 CTS

PAY

DATE 3/23/85 AMOUNT $ 200.00

Clinton Campaign Fund

THE BANK OF RISON

⑆082904289⑈

MADISON GUARANTY SAVINGS & LOAN ASSOC

MADISON GUARANTY
THE ONE PLACE YOU'LL AFTER
P.O. & MAIN STREET
Little Rock, Arkansas 72201 • 501-376-1771
Augusta, Bradford, McCrory

CASHIER'S CHECK

J.W. FULBRIGHT
REMITTER

APRIL 4, 19 85

PAY TO THE ORDER OF BILL CLINTON CAMPAIGN FUND ********** $ *3,000.00*

THE SUM 3000 DOLS 00 CTS DOLLARS

FSUC

Janie Young
AUTHORIZED SIGNATURE

⑈00 24 96⑈ ⑆28207423611 ? 001⑈312⑈

Eugene F. or Alice Ann Harris
108 South Circle Drive 754-3813
Clarksville, Arkansas 72830

April 10 1985 2971
81-121/829

PAY TO THE ORDER OF Clinton Campaign Committee $ 1000.00

One thousand and no/100 DOLLARS

ARKANSAS STATE BANK
CLARKSVILLE ARKANSAS 72830

MEMO

Alice Ann Harris

⑆082901211⑆2971 001⑈705⑈8⑈

CCUW-001

6012-0019

MADISON GUARANTY SAVINGS & LOAN ASSOCIATION

MADISON GUARANTY
THE QUALITY QUARTER
16th & Main Street
Little Rock, Arkansas 72201 ● 501 376-7777
Augusta, Bradford, McCrary

CASHIER'S CHECK Q 2498

Dean Landrum
REMITTER

April 4, 1985

PAY TO THE ORDER OF Bill Clinton $ 3,000.00

THE SUM 3000 DOLLS 00 CTS DOLLARS

FSUIC

Susan Anderson

"00 2498" ⑆28207423⑆ 7 001"3112"

J. M. MALONE & SON ENTERPRISES
BOX 158
LONOKE, ARKANSAS 72086

009966

81-7018/2829

4-10-1985

PAY TO THE ORDER OF Bill Clinton for Governor $200 00

Two Hundred and no/100 DOLLARS

Political Contribution

SUPERIOR FEDERAL BANK

Loretta Malone

"009966" ⑆282970181⑆ 2126105094044"

GORDON C. MATTESON
DEALER PH. 501-542-6592
FOREMAN, ARKANSAS 71836

0223

DATE 4-23-1985 81-7418/2829

PAY TO THE ORDER OF Governor Bill Clinton Campaign $ 200 00

Two hundred fifty dollars 50/100 DOLLARS

LR$&L LITTLE RIVER SAVINGS & LOAN
Ashdown, Arkansas

FOR

⑆282974161⑆ 25 0012 4" 0223

JAMES B. MC DOUGAL
DL 8183-5471 PH 501-663-8690
3700 CANTRELL ROAD NO. 202
LITTLE ROCK, AR 72202

688

82074238

Pay to the Order of Bill Clinton Campaign Fund 4-4-1985 $3000 00

Three Thousand and no/100 Dollars

MADISON GUARANTY
The Quality Quarter
LITTLE ROCK, ARKANSAS

BANK OFFICER

For

"0000688" ⑆282074236⑆ 0 000 424"

CCBW-0019

BW12-0021


WEST ARKANSAS CONSTRUCTION CO.
MR. R. D. RANDOLPH
PO BOX 531
RATCLIFF, AR 72951

0866

81-7032
2820

4-4 19 85

PAY TO THE ORDER OF Clinton For Gov. $ 300.00

Two Hundred + 00/100 DOLLARS

First Federal of Arkansas

FOR

R.D. Randolph

⑈000866⑈ ⑆282070324⑆ 44 2000584⑈

CCBW-0022

BW12-0024

MADISON FINANCIAL CORPORATION
P.O. Box 1583
Little Rock, Arkansas 72203
374-7777

April 24, 1985

Fund Raiser
14

Ms. Linda Dickson
The Governor's Office
P. O. Box 615
Little Rock, Arkansas 72203

Dear Linda:

In regard to the addresses for checks you received through Madison for the Governor, they are as follows:

Jim Guy Tucker - Country Cable TV
Can use the Center Street address.

Ken Peacock and Dean Landrum
c/o The Peacock Company
Rt. 2, Box 219
Bald Knob, Arkansas 72010

Brett Pharis and John Latham
c/o Madison Guaranty Savings and Loan
P. O. Box 1583
Little Rock, Arkansas 72203

I.O.U - Alice Ann Harris
Enclosed is Mrs. Harris' check for $1,000.
The address as listed:
108 South Circle Drive
Clarksville, Arkansas 72830

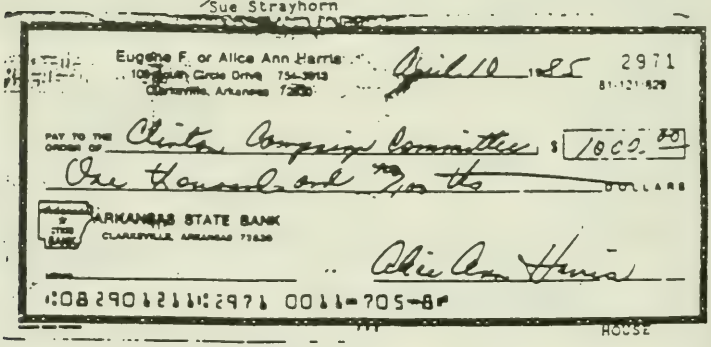
If I can be of further help, please call.

Sincerely,

Sue Strayhorn

SS
Enc

MG 0001323



TO: BW/BC

DATE: 5-13-87

FROM: DIANE

RE: REP WALKER - APPT REQUEST

( ) Immediate action
( ) Draft reply for Governor
( ) Reply or act in 1 week
( ) Prepare report
(X) For comment
( ) No action required
( ) Please see me
( ) File
( ) For your information

MARKS: Rep. Walker
-3X5-5275
Rep Walker ~~wants an appt with~~ BC ~~ASAP.~~ ~~He wants to~~
bring Jim Guy Tucker and E D Randolph.
Please advise.

Rec'd BS
I Rgt Sam
called Tony
told him
I Rgt OSCM
Rebecca Rm
Mgr
Rgt;

Sam Walker
this
Sarah had
called him

DKSN013371

State of Arkansas
76th General Assembly
First Extraordinary Session, 1987
By: Representative Mike Wilson

ACT 37 1987
A Bill

HOUSE BILL 1047

For An Act To Be Entitled

"AN ACT TO AMEND SUBPARTS (2) AND (7) OF PARAGRAPH (d) OF SECTION 1 OF ACT 324 OF 1935, AS AMENDED, TO EXCLUDE CERTAIN SMALL WATER AND SEWER UTILITIES FROM THE DEFINITION OF 'PUBLIC UTILITY'; AND TO AMEND SECTION 4 OF ACT 41 OF 1941, AS AMENDED, AND SECTION 6 OF ACT 613 OF 1983, AS AMENDED, TO GRANT TO SUBURBAN IMPROVEMENT DISTRICTS AND PROPERTY OWNERS' IMPROVEMENT DISTRICTS THE POWER TO CONDEMN CERTAIN SMALL WATER AND SEWER UTILITIES WHICH HAVE BEEN EXCLUDED FROM THE DEFINITION OF 'PUBLIC UTILITY'; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subpart (2) of paragraph (d) of Section 1 of Act 324 of 1935, as amended, the same being Ark. Stat. Ann. Section 73-201(d)(2), is hereby amended to read as follows:

"(2) Diverting, developing, pumping, impounding, distributing, or furnishing water to, or for, the public for compensation. Provided, however, that nothing in this paragraph shall be construed to include water facilities and equipment of cities and towns in the definition of public utility. Provided further, that the term 'public utility' shall not include any entity described by subpart (d)(2) of this Section which meets any of the following criteria:

(A) all property owners associations whose facilities are enjoyed only by members of said association or residents of the community governed by said association; or

(B) all entities whose annual operating revenues would cause them to be classified as Class C or lower water companies pursuant to the uniform system of accounts adopted by the Arkansas Public Service Commission; or

(C) all improvement districts."

avn003

DKSN024856

SECTION 2. Subpart (7) of paragraph (d) of Section 1 of Act 324 of 1935, as amended, the same being Ark. Stat. Ann. Section 73-201(d)(7), is hereby amended to read as follows:

"(7) Maintaining a sewage collection system and/or a sewage treatment plant, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and other appurtenances necessary or useful for the collection and/or treatment, purification and disposal of the liquid and solid waste, sewage, night soil and industrial waste. Provided, however, that nothing in this paragraph shall be construed to include sewerage facilities and equipment of cities and towns in the definition of public utility. Provided further, that the term 'public utility' shall not include any entity described by subpart (d)(7) of this Section which meets any of the following criteria:

(A) all property owners associations whose facilities are enjoyed only by members of said association or residents of the community governed by said association; or

(B) all entities whose annual operating revenues would cause them to be classified as Class C or lower sewer companies pursuant to the uniform system of accounts adopted by the Arkansas Public Services Commission; or

(C) all improvement districts."

SECTION 3. Section 4 of Act 41 of 1941, as amended, the same being Ark. Stat. Ann. Section 20-704 (Supp. 1985), is hereby amended to add a new subparagraph n. which shall read as follows:

"n. Any said district shall have the power of eminent domain for the purposes of:

(1) condemning any water or sewer utility found within the boundaries of said district, which is exempt from the definition of 'public utility' as found in paragraph (d) of Section 1 of Act 324 of 1935.

(2) securing any lands or rights of way needed in making improvements to water or sewer systems owned and operated by any such district.

The board of said district shall have the power to enter upon any private property for the purposes stated in sentences (1) and (2) of this subpart. If the person damaged and the board cannot agree on the sum to be paid for such damages, the person aggrieved may file his petition in the circuit court of the county, setting forth his grievance, and asking compensation therefor,

DKSN024857

making the board a party defendant. The issues in such suit shall be made up as in other cases at law, and the cause shall be tried by a jury, unless dispensed with by the parties; and the case shall be advanced on the docket so as to have precedence of all other causes. The judge of the circuit court may hold a special term at any time for the trial of any such cause, giving ten (10) days' notice to the parties of the time of holding such special term, which notice may be in writing, and shall be served on the parties as a writ of summons is directed to be served, unless such notice be waived by the parties, or one of them. The judge of said court may, in vacation, in case an agreement cannot be arrived at between the board of improvement and the owner of such property in relation to the damages claimed, fix an amount to be deposited with some person to be designated by the court, before the entering upon and taking possession of the property to be used and taken as aforesaid and upon the amount required being deposited and certificate thereof filed in said cause, the work may proceed."

SECTION 4. Section 6 of Act 613 of 1983, as amended, the same being Ark. Stat. Ann. §20-2406 (Supp. 1985), is hereby amended to add a new subparagraph 1. which shall read as follows:

"1. Any said district shall have the power of eminent domain for the purposes of:

(1) condemning any water or sewer utility found within the boundaries of said district, which is exempt from the definition of 'public utility' as found in paragraph (d) of Section 1 of Act 324 of 1935.

(2) securing any lands or rights of way needed in making improvements to water or sewer systems owned and operated by any such district.

The board of said district shall have the power to enter upon any private property for the purposes stated in sentences (1) and (2) of this subpart. If the person damaged and the board cannot agree on the sum to be paid for such damages, the person aggrieved may file his petition in the circuit court of the county, setting forth his grievance, and asking compensation therefor, making the board a party defendant. The issues in such suit shall be made up as in other cases at law, and the cause shall be tried by a jury, unless dispensed with by the parties; and the case shall be advanced on the docket so as to have precedence of all other causes. The judge of the circuit court may hold a special term at any time for the trial of any such cause, giving ten

DKSN024858

(10) days' notice to the parties of the time of holding such special term, which notice may be in writing, and shall be served on the parties as a writ of summons is directed to be served, unless such notice be waived by the parties, or one of them. The judge of said court may, in vacation, in case an agreement cannot be arrived at between the board of improvement and the owner of such property in relation to the damages claimed, fix an amount to be deposited with some person to be designated by the court, before the entering upon and taking possession of the property to be used and taken as aforesaid and upon the amount required being deposited and certificate thereof filed in said cause, the work may proceed."

SECTION 5. GENERAL REPEALER. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 6. SEVERABILITY. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 7. EMERGENCY. It is hereby found and determined by the General Assembly that regulation of small water and sewer utilities as "public utilities" under the jurisdiction of the Public Service Commission generally imposes heavy regulatory costs upon the consumers, so that the cost of preparing a rate case alone may equal or exceed the other total revenue requirements of those utilities; that the effect of regulation is often to increase costs that are proportionately far in excess of the benefits of regulation; that customers of small water and sewer utilities may be better off in the long run if they could simply buy their water or sewer utility outright and run it themselves; and that this Act is immediately necessary to remedy the present situation. Therefore, an emergency is hereby declared to exist and this Act being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

6/12/87 APPROVED BY GOVERNOR

avn003

DKSN024859

11, 1984. The RTC investigators concluded that MF paid the total purchase price at the time of closing. There were no written approval for this loan by MG in the files I reviewed.

On December 31, 1983, MF wrote Wade check number 66 on MG account number 7000006 for the amount of $39,959.72. (Ex. 8, CR). If you look at the check, a handwritten note indicates that $39,250 is separated out of the total amount to account # 2630. This number is equal to Wade's share of the downpayment to purchase Campobello, although it is unclear if Wade put up any portion of the downpayment in the first place.

On January 16, 1984, MF wrote check number 124 for $373,250 to MG. (Ex. 9, CR). The check is signed by Paul N. Castleberry. It looks like Castleberry endorsed the check himself and deposited it to an MG account. The RTC criminal investigators concluded that MG paid MF's portion of the purchase price for Campobello, and that this check represented a reimbursement of those funds. A document in box 133 of the Ingersoll documents from file named "Transfer of Funds" indicates this payment was made December 31, 1983 (vs. the actual date of 1/16/84 on the check. The purpose of the check, according to this document is an "investment in CPV."

B. QUIET TITLE ISSUES

Although the deal closed on December 13, 1983, it appears from the files that there were problems with title on the property. The Nicholson Firm, on behalf of C.V. Wade and MF (not CDC) brought an action to quiet title to the property in 1984. Documents related to this action can be found in the Ingersoll documents, Box 31, in a file entitled "Madison - Campobello - Title Work." There is extensive correspondence on the subject in OTS Box 19, folder 7 at pp. 15222 to 15252. It appears that title had been quieted by November of 1984 and that a title insurance policy would be issued. According to Larry Kuca, title to only 3570 of the Campobello acreage was certified by this court action because the "remaining land was not surveyed or quieted because of the time and expense involved." (Ex. 52, CR).

McDougal and Wade were able to purchase Campobello without a proper title certificate and without a title insurance policy. In addition, for lots sold to individuals before December of 1984, CDC could not have conveyed title to the property free and clear. In a memo from Larry Kuca (general manager of Campobello) to Head Harbour partnership dated January 24, 1985, Mr. Kuca states: "Due to the uncertainty of title on Campobello Island, our 'quieting of title' action took several months longer to complete than originally anticipated." (Box 31, "Madison - Campobello - correspondence"). It appears that the quiet title action was a necessary prerequisite to registration of the development with HUD. Kuca's memo further states: "All of the necessary information has now been filed with HUD and I expect approval shortly. Once approved, we will be able to convert existing 'Reservation Agreements' into binding

HOUSE
MG0555

contracts."[3] (Id.). The failure to have proper title raises the question of how Wade and MF could receive a loan on the property without a title insurance policy.

C. SALE TO HEAD HARBOR

On March 20, 1984, Jim McDougal wrote a memo to Sheffield Nelson. The memo is a proposal that Nelson (and associates) enter into a joint venture with Wade and MF for Campobello. Nelson would receive a one-half interest in the property for $450,000 with an immediate capital contribution of $150,000 for development costs. By mid-July, it was anticipated that an additional $100,000 cash from Nelson would be needed. Head Harbour Holding Company ("HHHC") was the entity ford by Sheffield Nelson to purchase the property. (Ex. 11, CR).

McDougal also authored a memo dated June 4, 1984 to David McCreery (of Flake & Co.) concerning the best means to "effect the transfer of the Campobello property from Madison and Wade to Campobello Properties Venture." ("CPV") (Ex. 14, CR). Wade and MF were to deed their interests in the property to the venture. CDC and HHHC would each make a contribution of $600,000 to CPV to be disbursed as follows:

1. $440,000 to Wade to reimburse him for the purchase price plus accrued interest and a like amount to MF. The $440,000 represented a refund of Wade's and MF's interest in the original purchase price (e.g. $412,500) plus interest.

2. Refund the $25,000 contribution recently made by HHHC and a contribution of the same amount made by MF.[4]

3. Reimburse MF and Wade for documented expenses for development of the project as of the memo's date.

On September 1, 1984, a Joint Venture Agreement was signed by HHHC and CDC. Schedule 1 to the Agreement contemplates that HHHC and CDC would each contribute $450,000 as capital (for a total of $900,000). Additional contributions of $150,000 each would be made before August 1, 1984 (a month before the date of the Agreement). Schedule 1 of the Agreement anticipates that each would contribute an additional $100,000 on August 1, 1984. A total of $1,400,000 was contributed to the venture by CDC and HHHC. HHHC was a partnership consisting of Sheffield Nelson, Jerry Jones, Larry Wallace and John Flake as limited partners and Flake & Co. as general partner. HHHC was formed on May 1, 1934. The individual partners of HHHC are apparently prominent Little Rock businessmen.

The timing of the loan to HHHC and HHHC's formation makes this transaction suspect. As stated above, MG records indicate McDougal proposed HHHC's investment on March 20, 1984. On April 20, 1984, Mr. Flake wrote to Wade and McDougal explaining his intention to form HHHC. (Ex. 12, CR). The Board of MF approved

---

3. A discussion of Kuca's reversal of pre-registration sales into "reservation agreements" is discussed infra at Section "D."

4. CDC and CPV did not enter he joint venture on Campobello until September 1, 1984. This "contribution" is not mentioned in the joint venture agreement.

HOUSE MG0556

State of Arkansas
75th General Assembly
Regular Session, 1985
By: Senator Scott

A Bill

SENATE BILL

For An Act To Be Entitled

"AN ACT TO PROVIDE THAT BEER MANUFACTURERS LICENSED BY THE ARKANSAS ALCOHOLIC BEVERAGE CONTROL BOARD MAY SELL BEER AT RETAIL IN RESTAURANTS LOCATED ON THE PREMISES OF SUCH MANUFACTURING FACILITIES, FOR CONSUMPTION ON THE PREMISES, MAY SELL BEER MANUFACTURED ON THE PREMISES AT RETAIL TO CONSUMERS FOR CONSUMPTION OFF THE PREMISES, AND MAY SELL BEER MANUFACTURED ON THE PREMISES AT WHOLESALE TO LICENSED RETAILERS OF ALCOHOLIC BEVERAGES; TO AUTHORIZE THE ALCOHOLIC BEVERAGE CONTROL BOARD TO ADOPT APPROPRIATE RULES AND REGULATIONS TO CARRY OUT THE INTENT AND PURPOSES OF THIS ACT; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Any beer manufacturer licensed by the Arkansas Beverage Control Board may, after obtaining a license or permit to do so in the manner prescribed herein:

(a) sell beer at retail for consumption on the premises in a restaurant located on the premises of the beer manufacturing facility or on contiguous la owned by the licensed manufacturer;

(b) sell beer manufactured on the premises at retail to consumers for consumption off the premises in the same manner and subject to the same restrictions as apply to other retailers of alcoholic beverages for off premises consumption; and

(c) may sell beer manufactured on the premises at wholesale to licensed retailers of alcoholic beverages in the same manner and under the same restrictions as licensed distributors of alcoholic beverages.

SECTION 2. Any licensed manufacturer of beer desiring to sell beer and wine on or from the premises of the beer manufacturing facility as authorized

jab060

MG 0000761

S-KCR03152

herein shall make application to the Alcoholic Beverage Control Board on such forms and in such manner as may be reasonably required by the Board for a permit or permits to do so. Each such application shall be accompanied by such information as may be required by the Alcoholic Beverage Control Board to enable the Board to determine the eligibility and qualification of the applicant for the license or permit and by the annual license or permit fee hereinafter prescribed.

SECTION 3. (a) The annual fee for a license or permit for a manufactur of beer to sell beer at retail for consumption on the premises in restaurants located on the premises of beer manufacturing facilities shall be the same as the fee now or hereafter prescribed by law for permits for other persons to sell beer in restaurants.

(b) The annual fee for a license or permit for a manufacturer of beer t sell beer on the premises where manufactured for consumption off the premises shall be the same as the fee now or hereafter prescribed by law for permits for other persons to sell alcoholic beverages for off premises consumption.

(c) The annual fee for a license or permit for a beer manufacturer to s beer manufactured on the premises to licensed retailers of alcoholic beverages shall be the same as the fee now or hereafter prescribed by law for permits for either wholesalers or distributors of alcoholic beverages.

SECTION 4. The Arkansas Alcoholic Beverage Control Board is hereby authorized to adopt and enforce appropriate rules and regulations to carry out the intent and purposes of this Act and to prevent abuse of the privileges granted herein.

SECTION 5. The provisions of this Act shall be supplemental to existing laws relating to alcoholic beverages and shall repeal only those laws and parts of laws in direct conflict with this Act.

MG 0000762

ARKANSAS DEPARTMENT OF HEALTH
4815 West Markham Street
Little Rock, Ark. 72201

June 23, 1983

Mr. Jim McDougal, President
Madison Financial Corporation
7 Financial Centre, Suite 230
Little Rock, AR 72211

RE: Maple Creek Estates
Saline County, AR

Dear Mr. McDougal:

It is the intent of the Memorandum of Agreement (copy attached) to provide an effective method for subsurface disposal of sewage effluent through the use of expanded, shallow trench absorption fields.

It should be noted that the principal soil types found in the development are, according to the Soil Conservation Service, Soil Survey for Saline County, classified as Amy, Savannah, and Wrightsville. All of these soils have severe limitations for septic tank suitability due to slow percolation and depth to seasonal ground water.

The utilization of the expanded, shallow trench absorption fields has not been fully tested in these soils and may cause some malfunction during extremely wet periods, periods of heavy use, improper maintenance, or vehicles and heavy equipment being driven over the absorption field after it has been constructed.

It is suggested than an approved individual sewage disposal permit be obtained prior to any construction. This process will allow for the proper planning of the actual construction of the house plumbing and the sewage disposal system.

If you have any questions concerning this matter, please do not hesitate to contact this office.

Very truly yours,

Lex A. Dobbins, R.S.
Saline County Health Unit
847-2811

LD:mp
Enc.
cc: Neal Glover

MEMORANDUM OF AGREEMENT

The purpose of this memorandum is to provide an acceptable method for the utilization of septic tank systems in the Maple Creek Estates development.

It is the understanding of the Saline County Health Department that all lots contained in Maple Creek Estates are to be a minimum of three acres. Therefore:

1. Each lot shall be evaluated on individual merit with respect to soil suitability.

2. All lots with acceptable soil characteristics shall have a standard septic tank disposal system.

3. All lots which have seasonal ground water occurring at depths less than 4' from the ground surface may utilize an expanded, shallow trench septic tank disposal system, provided the system is designed and installed in such a manner that will provide the best possible method for subsurface disposal.

4. All lots with percolation rates between 45 minutes per inch and 120 minutes per inch may utilize an expanded, shallow trench septic tank disposal system, provided the system is designed and installed in such a manner that will provide the best possible method for subsurface disposal.

SIGNED: Neal Glover DATE 6-23-8_
Neal Glover, Program Administrator
General Sanitation Section
Arkansas Department of Health
Division of Sanitarian Services

SIGNED: [illegible] DATE 6-23-8_
Rex Dobbins, Sanitarian
Saline County Health Unit

SIGNED: Jim McDougal DATE 6-28-83
Jim McDougal, President
Madison Financial Corporation

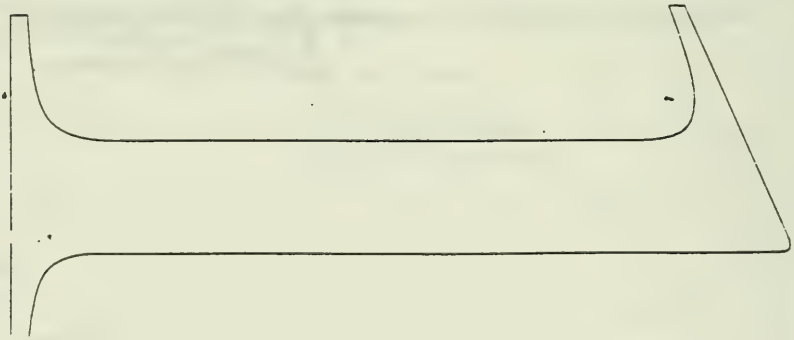
MAPLE CREEK ESTATES

Construction Considerations For Expanded, Shallow Trench Septic Tank Disposal Systems For Maple Creek Estates.

General Requirements:

1. Maximum trench depth 24"-26".
2. Indicate maximum depth of septic tank outlet which must be above soil mottling zone. (This may require the septic tank outlet to be placed at ground level on some lots especially flat lots).
3. Indicate location and maximum allowable depth of house sewer stub-out. (Stub-out may have to be placed at ground level or above depending on soil characteristics and topography.
4. Absorption area required (square feet per bedroom)

46 - 55 min/inch	- use -	320 square feet
56 - 65 min/inch	- use -	340 square feet
66 - 75 min/inch	- use -	360 square feet
76 - 85 min/inch	- use -	380 square feet
86 - 95 min/inch	- use -	400 square feet
96 - 105 min/inch	- use -	420 square feet
106 - 120 min/inch	- use -	440 square feet



SALINE COUNTY HEALTH UNIT
301 EAST McNEIL STREET
PHONE 778-4588
LITTLE ROCK 847-8811
BENTON, ARKANSAS 72015

February 21, 1984

Mr. Jim McDougal, President
Madison Financial Corporation
2 Financial Centre, Suite 230
Little Rock, Arkansas 72211

RE: Maple Creek Estates
Saline County, AR

Dear Mr. McDougal:

The purpose of this letter is to clarify the position of the Saline County Health Department in the review of individual sewage disposal systems in Maple Creek.

It should be noted that some homes are being constructed and have plumbing installed before an individual sewage disposal system has been reviewed and approved by this office. As a result, some of the homes have plumbing stub-outs that are too deep for proper installation of the sewage disposal systems.

In order to allow for proper planning of the sewage disposal system it is suggested that an approved sewage disposal permit be obtained prior to actual construction of the house. It is also suggested that adequate drainage be provided prior to review of the sewage disposal application. This will allow for proper placement of the driveway and street culverts. It is suggested that all poorly drained areas be provided with 3' minimum depth drainage ditches with initial emphasis placed on frontage ditches. It may also be necessary to provide side lot drainage to improve the effectiveness of over all drainage and the location of home sites in close proximity to side lot lines may prevent the construction of side lot drainage due to close proximity of the sewage disposal field. It is, therefore, suggested that consideration be given to locating proposed homesites in the center of the lots.

It must be stated that the Memorandum of Agreement signed on June 23, 1983 by Mr. Glover and myself was prepared with the understanding that Maple Creek Farms, Inc. was to be a residential area with minimum lot sizes of 3 acres. It is not the intent of the Saline County Health Department to issue individual sewage disposal permits for lot sizes less than 3 acres or for commercial development.

SALINE COUNTY HEALTH UNIT
301 EAST McNEIL STREET
PHONE 778-4235
LITTLE ROCK 847-5811
BENTON, ARKANSAS 72015

As I have indicated in previous correspondence, the soils in this area have severe limitations for septic tank use and would not be suitable for commercial development.

In closing, I would like to reiterate my concern that proper drainage and installation of the individual sewage disposal systems may not be entirely effective and ask that you consider an over-all plan of development that would provide public sewerage for any area in Maple Creek in which the malfunction of individual sewage disposal systems may occur and thus constitute a public health hazard.

If you have any questions concerning this matter, please do not hesitate to contact this office.

Very truly yours,

Lex Dobbins, R.S.
Saline County Sanitarian

LD: prs

MADISON FINANCIAL CORPORATION
P.O. Box 1563
Little Rock, Arkansas 72203
501 374-7777

March 6, 1984

Mr. Lex Dobbins
Saline County Sanitarian
Saline County Health Unit
301 East McNeill Street
Benton, Arkansas 72015

Dear Mr. Dobbins:

I apologize for the delay in answering your letter. It was sent to our previous address and was very slow in being forwarded to me.

We will advise our customers that they should contact you before undertaking the construction of homes at Maple Creek Farms in order to allow proper planning of individual sewage systems and proper location of the individual homes on the tracts.

We continue to make every endeavor to improve the drainage situation.

We understand your position that individual sewer systems cannot be used in commercial areas.

As you know, we are planning a Sewer Improvement District to service the remaining property we will offer for sale. This system will have excess capacity as to make available service for any area in which individual sewer disposal systems might fail.

Sincerely,

James B. McDougal
President

JBMcD/rs

RECEIVED
MAR 07 '84
COUNTY
UNIT

MEMORANDUM OF UNDERSTANDING

BETWEEN

ARKANSAS DEPARTMENT OF HEALTH

AND

MAPLE CREEK FARMS, INC.

The Department of Health agrees to continue to issue temporary individual sewage disposal permits at Maple Creek Farms provided that Maple Creek Farms, Inc., will agree to the following conditions:

1. Maple Creek Farms, Inc., agrees to provide a sewerage system to serve Maple Creek Farms except lots numbered 300 through 340. These lots will undergo a soil investigation conducted by Maple Creek Farms and observed by the Department of Health to determine suitability for on-site disposal. In the event the soils in this area prove unsuitable for subsurface disposal, Maple Creek Farms, Inc., agrees to provide an acceptable plan for sewage disposal to serve lots 300 through 340. Further, Maple Creek Farms, Inc., agrees to provide the Department within forty-five (45) days a preliminary engineering report along with a time-table to provide said sewerage system for Maple Creek Farms development.

2. The Department of Health agrees to issue temporary permits with a condition that property owner shall connect to the sewerage system when said system is available.

3. Maple Creek Farms, Inc., with Department of Health assistance, agrees to initiate steps for the formation of any needed sewer improvement districts.

The Memorandum of Understanding will be re-evaluated on a semi-annual basis to determine that each party is honoring said agreement.

MAPLE CREEK FARMS, INC.

James B. McDougal, President
Madison Financial Corporation

4-26-84
Date

ARKANSAS DEPARTMENT OF HEALTH

William A. Teer, Director
Division of Sanitarian Services

4-26-84
Date

Bruno Kirsch, Director
Division of Engineering

4/26/84
Date

4815 West Markham Street
Little Rock, Ark. 72201

July 3, 1984

QPQ
4

Mr. James McDougal
Madison Financial Corp.
P. O. Box 1583
Little Rock, AR 72203

Dear Mr. McDougal:

On June 29, 1984, a meeting was held with Division staff and Mr. Lex Dobbins to discuss past problems that have been encountered at Maple Creek in regard to malfunctions of individual on-site sewage disposal systems.

Although these systems were malfunctioning during the past wet weather, they seem to be operating satisfactorily now. However, it is felt that malfunctioning may re-occur during stress periods (wet weather) on these and similiar systems.

I would like to recommend the following procedures that may help alleviate similiar future problems:

1) Site Protection - Heavy equipment traffic during lot clearing and home building should be avoided since undue compacting of the soil would be detrimental to soil absorption. It has also come to our attention that as a result of the clearing process, piles of trees are being left on various lots. If these trees are removed with heavy equipment after septic systems have been installed, the systems will be destroyed.

   Another factor that may be included in soil protection pertains to the on-site burial of trees and debris. Any pits dug adjacent to or in an absorption area will settle and collect sewage. These pits could eliminate the area as a possible absorption site.

2) Site Drainage - Soil mottling has been found on poorly drained lots. This is an indication of a high water table which will cause septic system malfunctions. Since it has been agreed that a drainage plan would improve the operation of the systems, I would like to recommend that adequate drainage channels be provided for surface drainage of field absorption sites on the poorly drained lots.

   Due to the fact that marginal soils as encountered in this area re-

AN EQUAL OPPORTUNITY EMPLOYER

quire careful planning of sewage systems, site selection and protection should be given priority in determining the most ideal location for a sewage absorption field.

As principal developer, we request your assistance in obtaining the best possible solution to these conditions for the various property owners until community sewers are made available.

If we can be of help in the development of a drainage plan or the phasing in of community sewage, please do not hesitate to call us.

Sincerely,

William A. Teer, R.S., Director
Division of Sanitarian Services

WAT:jc

cc: Lex Dobbins, Sanitarian
J. F. Jones, Sanitarian Supervisor
Neal Glover, Program Administrator
Bruno Kirsch, Director, Engineering

QPQ
5

MADISON FINANCIAL CORPORATION
PO Box 1583
Little Rock Arkansas 72203
501 374-7777

July 17, 1984

Mr. William A. Teer
Director
Division of Sanitarian Services
Arkansas Department of Health
4815 W. Markham
Little Rock, Arkansas 72205

Dear Mr. Teer:

I apologize for the delay in answering your letter as I have been out of the state for two weeks on vacation.

We are in agreement on your recommendations as to site protection and site drainage and are in the process of the continued implementation of these recommendations.

With appreciation of your consideration in this matter, I am

Sincerely yours,

James B. McDougal
President

JBMcD/rs

ARKANSAS DEPARTMENT OF HEALTH
4815 West Markham Street
Little Rock, Ark. 72201

OPO
6

July 2, 1985

Bruce Watson

Mr. James B. McDougal, President
Madison Financial Corporation
P. O. Box 1563
Little Rock, AR 72203

Re: Individual Sewage Disposal Systems
Maple Creek Farms
Saline County, Arkansas

Dear Mr. McDougal:

You will recall in Mr. Dobbin's correspondence of August 9, 1984 that the following lots had seasonal malfunctions: Lots O, E, 203, J, P, L, 60, 4, 9 and 10.

Further investigations conducted on May 9 and May 24, 1985 indicated that Lots 27, 56, CA, 305, 309 and 315 were also experiencing seasonal malfunctions.

The primary factors contributing to these malfunctions appear to be: (1) very poor drainage; (2) lack of adequate soil and grass cover over the absorption fields; and (3) lack of property owner awareness of the location of the disposal field and the limitations stated on the permit forms.

It appears at this point that community sewerage should be immediately installed as previously agreed. If the installation of such facilities cannot be immediately undertaken, an extensive drainage plan for these lots should be initiated in addition to placing additional fill material over the absorption areas.

The issuance of additional temporary individual sewage disposal permits in the poorly drained areas will be contingent upon the construction of adequate drainage. Those areas classified as poorly drained are the flat expanses with seasonal water tables occurring at depths less than two feet from the ground surface.

If you have any questions concerning this subject, please do not hesitate to contact this office.

Sincerely,

William A. Teer

William A. Teer, R.S., Director
Division of Sanitarian Services

WAT:jc

cc: J. P. Jones, R.S., Sanitarian Supervisor
Lex Dobbins, R.S., Saline County Sanitarian

SALINE COUNTY HEALTH UNIT
301 EAST McNEIL STREET
[illegible]
BENTON, ARKANSAS 72015

August 9, 1984

R. D. Randolph
Maple Creek Farms

Bruce Watson
Maple Creek Farms

Willie McIntyre
Maple Creek Farms

SUBJECT: Individual sewage disposal systems, Maple Creek Farms

Gentlemen:

On-site inspections of installed sewage disposal systems at Maple Creek Farms were conducted on August 3, 1984, with the following results:

SYSTEMS DEFICIENT IN CONSTRUCTION PERMIT REQUIREMENTS

8-15 LOT D: Installation incomplete. Requirements: Extra fill over absorption field; straw cover; grass seed.

LOT 11: Installation incomplete. Requirements: 1' fill over absorption field; straw cover; grass seed.

8-15 LOT 111: Installation incomplete. Requirements: 1' fill over absorption field. Additional recommendations: Straw cover; grass seed.

8-15 LOT 207: Installation incomplete. Requirements: 1' fill over absorption field; straw cover; grass seed (the fill and straw cover are inadequate on this lot).

8-16 LOT 305: Installation incomplete. Requirements: 1' fill over absorption field. Additional recommendations: Straw cover; grass seed; improve drainage.

8-14-84 LOT 316: Installation incomplete. Requirements: Extra fill over absorption field; straw cover; grass seed. Additional recommendations: Improve drainage.

LOT 333: Installation incomplete. Permit requirements: 1' fill over absorption field; straw cover; grass seed. Additional recommendations: Improve drainage.

8-15 FI
8-15 SE

HOUSE

Systems Deficient in Construction Permit Requirements, cont'd.

LOT 635: Installation incomplete. Requirements: 1' fill over absorption field; straw cover; grass seed.

6-15 LOT 641: Installation incomplete. Permit requirements: 1' fill over absorption field; straw cover; grass seed.

SYSTEMS WITH SEASONAL MALFUNCTIONS OBSERVED APRIL 13, 1984

LOT O: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT E: Recommendations: Straw cover; grass seed.

LOT 203: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT J: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed; septic tank "riser".

LOT P: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT L: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT CC: Recommendations: Straw cover; grass seed.

LOT 60: Recommendations: Straw cover; grass seed.

LOT 58: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT 4: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT 9: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

LOT 10: Recommendations: Improve drainage; 1' fill over absorption field; straw cover; grass seed.

OTHER SEPTIC TANK SYSTEMS

LOT I: Recommendations: Improve drainage; extra fill over absorption field; straw cover; grass seed.

LOT 115: Recommendations: Extra fill over end of absorption field; straw cover; grass seed.

Other Septic Tank Systems, cont'd.

LOT 107: Recommendations: Straw cover; grass seed.

LOT 12: Recommendations: Straw cover; grass seed.

LOT 312: Recommendations: Straw cover; grass seed.

LOT 313: Recommendations: Straw cover; grass seed.

LOT 309: Recommendations: Extra fill over absorption field; straw cover; grass seed.

LOT 306: Recommendations: Improve drainage; extra fill over absorption field; straw cover; grass seed.

The purpose of this letter is to provide you with the necessary information regarding requirements and recommendations for the improved operation of individual sewage disposal systems which have been installed.

It is expected that all construction requirements indicated in this letter will be addressed as soon as possible.

This office will cooperate with Maple Creek Farms and the property owners concerning the additional construction recommendations also stated in this letter.

If you have any questions concerning this subject, please do not hesitate to contact my office.

Sincerely,

Les Dobbins
Saline County Sanitarian

LD:jko

cc. Jim McDougal, President
Madison Financial Corporation
P.O. Box 1561
Little Rock, AR 72203

Bill Teer, Director
Division of Sanitarian Services
Arkansas Department of Health
4815 W. Markham
Little Rock, AR 72201

OFFICE OF THE GOVERNOR

MEMORANDUM

Per UIPS

To: Governor Date: Jan. 30, 1986

From: [redacted] Choate

Subject: [redacted] Dougal

CONFIDENTIAL

CR asked that I [redacted] McDougal because of some complaints he had re the Health Dpt. He told me to look for the memo he gave you that had [redacted] the complaints outlined and that I could find that memo in [redacted] coat pocket of the jacket you had on when he saw you on [redacted]. mor[redacted] I tried to say in a nice way that I was not in the hab[redacted] a[redacted] you what you wore when we were not together and tha[redacted] no[redacted] have access to your closet. He insisted that I fi[redacted] that co[redacted] and I would have the memo, but if, by chance, I couldn't f[redacted] and was unable to talk to you about the problems, to call him [redacted] I called him back on Tuesday of this week. He was out, [redacted] his se[redacted]tary said that he had spoken to you that very day long [redacted]an so she felt like the issue was resolved.

I did speak to Jerry Hill at the Health Dpt a[redacted] they ha[redacted] copious letters from McDougal and would be glad [redacted] to any and all of the complaints outlined in the memo [redacted]t is in the coat pocket.

CONFIDEN[redacted]L

Do I need to pursue? Advise, please.

CONFIDENTIAL—PRODUCED BY THE RTC TO THE HOUSE COMMITTEE ON BANKING AND FINANCIAL SERVICES

DK-RT800620A

1ST STORY of Level 1 printed in FULL format.

The Associated Press

The materials in the AP file were compiled by The Associated Press. These materials may not be republished without the express written consent of The Associated Press.

October 3, 1994, Monday, PM cycle

SECTION: Domestic News

LENGTH: 696 words

HEADLINE: McDougal Complaint Prompted Then-Gov. Clinton to Convene Meeting

BYLINE: By PETE YOST, Associated Press Writer

DATELINE: LITTLE ROCK, Ark.

BODY:
When President Clinton's Whitewater business partner had a complaint with state regulators in 1986, Clinton, who was then governor of Arkansas, convened a meeting to get to the bottom of things.

He had three state officials come to the governor's office to hear James McDougal's complaints in Clinton's presence.

McDougal was upset about the state's refusal to grant hundreds of permits for septic tanks he wanted to install in one of his many real estate developments.

Tom Butler, the No. 2 official at the Arkansas Health Department, said Clinton was blunt in describing the need for the meeting.

"I think some of your employees may be messing with this friend of mine who's in land development," Butler, in an interview, quoted Clinton as saying.

But Butler said "I never got my arm twisted" by Clinton or anyone else in the governor's office to help McDougal.

Clinton, according to Butler, characterized McDougal as "a person who's been a contributor. He's been a supporter of mine since I ran for Congress and he's never asked me for anything" before.

Clinton's telephone call to Butler in late February 1986 resulted in a March 4, 1986, meeting with McDougal in which "the guy went crazy on us; he was just ranting and raving," Butler said, describing McDougal's behavior.

McDougal's anger over being denied state permits was occurring at the same time federal bank examiners were pouring over the books at his failing savings and loan. McDougal was co-owner with the Clintons of the Whitewater real estate venture in northern Arkansas. That venture and its financial ties to McDougal's S&L are the focus of a special prosecutor's investigation.

Participants in the March 4 meeting were Clinton, McDougal, Butler, then-Arkansas Health Department chief Ben Saltzman, the department's environmental chief and an aide to Clinton, said David Kendall, the Clintons'

lawyer.

Kendall said that "the governor told Butler that he ought to do what was right and the governor said he wasn't going to interfere. He did not interfere."

Butler confirmed that, saying Clinton apologized for the S&L owner's behavior, telling Butler after the meeting, "I didn't know" McDougal "would act that way."

Nonetheless, the state did review McDougal's case again and ended up approving 20 additional lots for septic tanks, Butler said. The action still fell well short of the hundreds of permits McDougal wanted.

At the meeting, Butler said Clinton watched while McDougal "started accusing Dr. Saltzman and me of not being able to control" a state health employee who was assigned to Maple Creek, the McDougal land development involved in the dispute.

McDougal then criticized Clinton, complaining that "you promised" there would be just three participants in the meeting - Clinton, McDougal and Butler, according to Butler.

An angry Clinton declared, "Jim, you asked for the meeting," according to Butler, and then suggested that the state officials would wait while McDougal summoned one of his engineering contractors to the session.

McDougal didn't summon the engineer, but the state Health Department re-examined McDougal's project and issued the additional permits.

LANGUAGE: ENGLISH

LOAD-DATE: October 3, 1994

Xerox 6 copies

GOVERNOR'S OFFICE

June

Re: Nov / Dec appts.

1) SHCC one probably inpt. — talk with Brady — store him visit with Bob Yung — store on Bd of Health.

2) Stream preservation (?) I assume decent appts. have care of.

3) Soil Classifiers — Mayo Rutledge of Fayetteville is friend — he was one calling for Ben McGuire — probably should reappt. if he wants it.

(over)

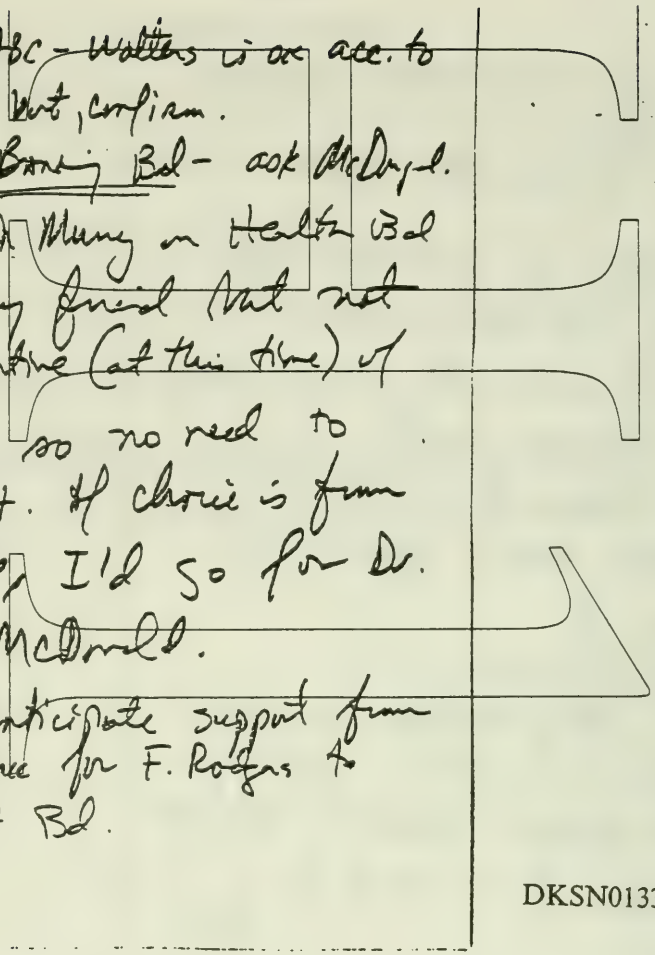
DKSN013314

(4) HBC - Walters is ok acc. to GOV - but, confirm.

(5) Banking Bd - ask McDonald.

(6) Dr. Murray on Health Bd is my friend but not supportive (at this time) of Young so no need to request. If choice is from Fayville, I'd go for Dr. Jay McDonald.

(7) Anticipate support from Nurses for F. Rodgers to Planning Bd.



DKSN013315

BASSETT LAW FIRM
ATTORNEYS AT LAW
30 EAST CENTER STREET
FAYETTEVILLE, ARKANSAS 72702

W. W. BASSETT
WOODY BASSETT
TOD C. BASSETT
WM. ROBERT STILL JR.
WALKER DALE GARRETT

MAILING ADDRESS
P.O. DRAWER 1788
TELEPHONE (501) 521-9996

November 26, 1984

Re: Appointment of Arkansas Securities Commissioner

Governor Bill Clinton
Governor's Office
State Capitol
Little Rock, AR 72217

Dear Bill:

Is it my understanding that Lee Thalheimer, the current Securities Commissioner, is going to submit his resignation to you sometime this week. Thus, you will soon have the opportunity to appoint a new Commissioner. I would like to submit the name of my sister, Beverly, for your consideration as the next Securities Commissioner.

You and I have talked about this in the past. Without question, Beverly has splendid qualifications for this job which I do not need to go into in detail since I am sure you are aware of her background and specific qualifications for this job. I talked with Beverly while she was home for Thanksgiving and she indicated to me that she was extremely interested in the job. I am certain there are other qualified people who have expressed, or will express, an interest in this appointment. I am not familiar with the politics surrounding this particular appointment but I know you and your staff are. Suffice to say, I hope that you will be in a position to offer this job to Beverly. Regardless of what you do, I would appreciate your visiting with her about it at your convenience.

I want to make one thing very clear. I do not expect Beverly to be offered the appointment simply because I have worked on your behalf since early 1982. No matter what you do, I will always remain firmly committed to you and will continue to diligently work on your behalf during the coming years.

DKSN026297

MESSAGE

☐ TELEPHONED ☐ PLEASE CALL
☐ CAME BY ☐ WILL CALL AGAIN
☐ WANTS TO SEE YOU ☐ RETURNED YOUR CALL

URGENT

FOR Gloria
RE: MR. Jim McDougal

OF

PHONE HOME PHONE 663-8690

TIME DEADLINE

REFERENCE Beverly Barnett-Fox
Securities Comm.

REFERRED TO

DATE 12-22 TIME 5:05P SIGNED

DKSN026305

He said he had had a Stroke — That 90% of his Carotid Artery was blocked — he had had Surgery — he was he Thought Voluntarily Recovered

I Gently Asked him about the Prozac. He said He was taking it — he wished he had [illegible] It Avail [illegible] It has 30 lbs — I asked if he was Taking Lithium Too he said yes. He said All the Males on his Mothers Side were Alcoholics and All the Males on his Father's side were Manic-depressives and he was both.

He Told Stories of excentric behavior of his Grandfather

He Said If Bill Clinton Told McD's Mother he might Find him a Job of course She Told everyone in the Church and gossiped About it it was impossible to Deny it

He Said the Reason [illegible] that Lot #13 was put in Hillary's name [illegible] and the House put on the Lot was A Sales Gimmic so Cars not Could say the Governor has a house here. He Said Bill and Hillary never understood Anything About WWDC and how the development worked or were doing that? When he Stopped by the Mansion To discuss it Bill C's eyes would Glaze over

He Said he Remembered explicitly That in 1984 He had a new Leather Couture Chair — Bill C Kept Jogging by and Came in and Laid down on the Chair and his sweaty body Left a permanent Stain He Claimed That Bill Said they needed money + that McD needed To Give Hillary some Legal work — he Said he Thought one Lawyer could Screw up deals as Good as Another

but admitted he was Thinking of deeds — contracts etc.
He said it wasn't true Hevas later That Hillary
Came by To Set up the Retainer. He said he and
Susan McD Joked about Giving Hillary Legal business.

McD asked him I asked him if he would quit
talking To The Press He said he would but indicated
he didn't want To be bashed in The Press and
that he had been Through a lot and that he
could be vicious if he felt we were mistreating him.

We discussed his Plan of Suing The NY Times
For defamation He said Madison Marketing was
an Affiliate because it was owned by Sosa
And was not a Sub of Madison Country and
that Money going into Madison Country
Madison Country would be a violation of Federal
Law but The Times was wrong — That didn't
happen — The Money was From Madison Marketing

He said he could get very sick — Go To The
hospital — have Surgery on The other side of his neck
which was Clogged. Said indicated he would need
experienced help on The Case I said I would help
Find Counsel

McD Said he never Took Money From WSDC
or improperly

He Said The Government had Tried 21 44 State
executives For Federal Crimes And only Three had been
Acquitted — he and his Two brothers-in-law —
He said he wasn't Running Madison Country
he had hired a Lawyer To Run it (Luther)

Sally - please review and draft response to Hilary

5/6/85

1) I agree with Charles that this must be permanent capital stock payable in liquidation after paying debts. I believe it would be.

2) I disagree w/ Charles that it has to be done under the (with card) statute. I believe the Paul Finn's analysis regarding ordinary business corporations is correct.

3. The problem, not addressed by the Rox firm, is the (NON VOTING) (portion.) I don't know if "capital notes" authorized under federal statute is non-voting, but the preferred stock is a similar debt/equity instrument.

4. They have to get through our registration section @ FSLIC too!

5000290

RLF1 03186

AGREEMENT

This Agreement made and entered into this 13th day of September, 1985 by and between INDUSTRIAL DEVELOPMENT COMPANY OF LITTLE ROCK, an Arkansas corporation ("IDC"), MADISON FINANCIAL CORPORATION, an Arkansas state chartered savings and loan association ("Madison" which reference shall include any entity or individual to whom Madison might elect to assign its rights hereunder) and UNION NATIONAL BANK OF LITTLE ROCK, WORTHEN BANK AND TRUST COMPANY, N.A. and FIRST COMMERCIAL BANK, N.A. (all national banking associations and all hereafter collectively referred to as "the Banks").

In consideration of the mutual covenants and agreements herein contained, the parties do hereby agree, each with the other, and each intending to be legally and contractually bound, as follows:

1. Factual Matters. IDC is the owner of a substantial amount of real property all located and having a situs in Pulaski County, Arkansas. References herein to the "IDC Property" refer to all such real property owned by IDC excepting only the so called "Timex Building" more particularly described on Exhibit "1" hereto. References herein to the "Timex Building" are meant to include the land and improvements described on Exhibit 1. The Banks hold valid, perfected and enforceable encumbrances which encumber all of the IDC Property as well as the Timex Building as collateral security for obligations owed by IDC to the Banks which obligations, including interest through the 31st day of July, 1985, total $2,259,739.

2. Agreement to Purchase and Sell. Madison agrees to purchase and IDC agrees to sell to Madison all of the IDC Property. The agreed upon purchase price is

PLAINTIFF'S EXHIBIT 29 87-1580

this property?

A. At that point in time, I don't believe Madison Financial Corporation had the capacity to purchase all of it. It was, you know, it was a tract of land that both Seth and Jim McDougal felt would be very good to develop, and so I think both of them had, in essence, an interest in it. But Madison could not swallow the whole thing at once, and Seth was willing to take half of it.

Q. Were there regulations that prohibited Madison Financial Corporation from making that large of a purchase?

A. Yes.

Q. So it would have been in violation of those regulations for Madison Financial Corporation to have purchased the entire tract of land?

A. I think at that time that would have been a problem.

Q. Do you recall how Mr. Ward's part of the purchase was financed?

A. I believe the Savings & Loan made him a loan on it.

Q. Do you recall the amount of the loan?

A. Not exactly. I think it was approximately a million dollars.

Q. Do you recall whether Mr. Ward was personally liable on that note?

A. I think he was.

Q. You don't recall that it was a non-recourse note secured only by the property that was purchased?

PILLSBURY MADISON & SUTRO

M E M O R A N D U M

FOR FILE

FROM: Charles E. Patterson DATE: May 3, 1994

File: 88429 500 0004

RE: Interview with Seth Ward on April 29, 1994

Gary Davidson and I met with Seth Ward and his attorney Alston Jennings in Mr. Jennings' offices in Little Rock on April 29, 1994. Ward declined to have the interview taped and we proceeded by notes. Ward indicated with respect to Castle Grand that he understood when he purchased the property that the money was being loaned to him and the property purchased in his name because of a limitation on Madison Financial corporation's investments. He does not know who told him this, but someone did. He went on to confirm the facts of his purchase of the property as set out in his statement to Gerrisch.

He was asked about the Davis Fitzhugh transaction and states that he believes that that land was culled out at the time of the closing. He states that he had no idea what the terms were with Fitzhugh or how it was sold.

Interestingly, I asked him about whether Madison Financial was represented by counsel with respect to the sale of Castle Grande to Madison Financial. He says that he never saw an attorney or met with one regarding the sale. I told him about the Rose Law Firm bills that indicated that there were meetings with him and other parties the sale of Castle Grande and indicating that they had met with Hillary Clinton among others at the Rose Law Firm. Ward stated that for some seventeen years he was head of the Airport Commission of Little Rock and that Hillary Clinton was counsel for that commission. He said that if he had met with her regarding Castle Grande, he would have known it and he did not meet with her.

He was asked about several other sales of the property all of which he denied having any knowledge of. He states that he was in his job with Madison Financial less than one year until the spring of 1986 when they got into an argument over payment to him of his commissions.

He states that it wasn't until he "got to court" that he knew anything about the details of the transactions. I asked him what details he learned when he was in court and received no answer.

"DOCNUM" SEN 22896

for some personal reasons. The service corporation was not in a position at that time, if I remember correctly, to pay him the $300,000 or so that was owed in commissions. The savings and loan loaned Seth the money secured by a mortgage on tracts 27 and 28 of Holman Acres.

Q. I have shown you what's already been introduced as Plaintiff's Exhibit 19, a $300,000 promissory note from Madison Financial Corporation to Seth Ward dated about a week later, April 7th, 1986. What can you tell the jury about the circumstances surrounding the making of that note?

A. It was discovered at that time -- I believe Seth brought it to our attention -- that it was not documented anywhere that the service corporation, Madison Financial, owed Seth the $300,000 for commissions. Seth was concerned, and rightly so, that should something happen to the people that, you know, were cognizant of this, there would be no documentation. Seth would not be able to prove that that corporation owed him some money. We structured this note as evidence of that debt.

Q. Did any money actually change hands?

A. No. The consideration in essence was already given. The money was already owed to Seth as commissions. Seth did not pay cash to the service corporation for this. This was evidence of a debt that was already owed by the service corporation to Seth.

Q. Now, was Mr. Ward concerned also because there were

federal examiners at Madison Guaranty Savings & Loan?

A. I think that may have been of some concern to him as well.

Q. I want you to look at now what's been introduced as Defendant's Exhibit 3, an option to purchase tracts 27 and 28 of Holman Acres. Can you tell the jury about the circumstances surrounding the financial corporation taking an option out on this property?

A. Yes. I know this is confusing, but the loan was done really at that time in lieu of the option. The option more concretely or more accurately reflects the nature of the transaction, that being that the service corporation owed Seth $300,000 in commissions. In the initial purchase of all of that property, Seth retained tracts 27 and 28 of Holman Acres as his commission, which was later to be bought by the service corporation. The option allows the service corporation to buy the property from Seth, thus Seth receives the $300,000, and the service corporation would have the property.

The note was done very quickly to make sure that that debt was evidenced should something happen to anybody to protect Seth. The note, however, would have left, if that was the way it was finally structured, would have left Seth with the $300,000 plus the property, which was not the intent of the transaction.

MR. JENNINGS: If the Court please, we object to

that statement as being intent to vary the terms of the written agreement by oral testimony.

THE COURT: Objection be denied.

Q. (By Ms. Bartley) Mr. Latham --

MR. JENNINGS: May I ask this witness what's the source of his information?

THE COURT: I'll let you cross him.

MR. JENNINGS: You mean later?

THE COURT: After while.

Q. (By Ms. Bartley) Now, you've testified that the note was to evidence -- the note given by MFC to Ward was evidence of $300,000; the option was to effectuate the intent, which was to purchase tracts 27 and 28 from Mr. Ward for $300,000. Then Mr. Ward would have the money, and Madison Financial Corporation would have the land; is that correct?

A. Yes, that's correct.

Q. Now, the option is in the amount of $400,000. Do you know why it's taken for 400,000?

A. No, other than when it was drawn up it may have been to offset the note, which was also for $400,000. I believe at the time the balance on the note was 300,000, that 100,000 had been paid off, the 300,000 remaining being -- what I remember as being the amount of the commissions. That would be the only thing I could think of on the option.

Q. Was MFC able to exercise the option and purchase the

MADISON FINANCIAL CORPORATION P.O. BOX 1583 LITTLE ROCK, ARKANSAS 72203 **BORROWER'S NAME AND ADDRESS** "I" includes each borrower above, jointly and severally.	SETH WARD 48 RIVER RIDGE ROAD LITTLE ROCK, ARKANSAS 72207 **LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	Loan Number Date APRIL 7, 1986 Maturity Date JUNE 6, 1986 Loan Amount $ 300,000.00 Renewal Of

I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of THREE HUNDRED THOUSAND AND NO/100 Dollars $ 300,000.00

☒ **Single Advance:** I have received all of the principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have recei
the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all o
conditions and expires no later than _____, 19____.

☒ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☒ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of 12.000 % per year.

☐ **Variable Rate:** I agree to pay interest at the initial simple rate of _____ % per year. This rate may change as stated below.

☐ **Index Rate:** The future rate will be _____ the following index rate: _____

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☐ **Frequency and Timing:** The rate on this note may increase as often as _____
An increase in the index will take effect _____

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 12.000

☐ **ADDITIONAL CHARGES.** In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS. I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest IN THE AMOUNT OF $5,917.81 ON JUNE 6, 1986

☒ **Principal:** I agree to pay the principal IN THE AMOUNT OF $300,000.00 ON JUNE 6, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____
and will be due _____, 19____. A payment of $ _____ will be due on the _____ (
each _____ thereafter. The final payment of the entire unpaid balar
principal and interest will be due _____, 19____.

☐ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☐ The amount of the final payment will be increased.

☐ _____

PLAINTIFF'S EXHIBIT 19 87-7590

ADDITIONAL TERMS:

☐ **SECURITY:** This note is secured by _____

☐ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

**SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLU
THOSE ON THE OTHER SIDE). I have received a copy on today's**

MADISON FINANCIAL CORPORATION

X _____

JOHN LATHAM, SECRETARY

SW1-057

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN FORM UN 2/17/84

SEN 33125

BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns	
MADISON FINANCIAL CORPORATION P. O. BOX 1533 LITTLE ROCK, ARKANSAS 72203	48 RIVER RIDGE DRIVE LITTLE ROCK, ARKANSAS 72207	Loan Number Date APRIL 7, 19[illegible] Maturity Date JUNE 6, 19[illegible] Loan Amount $ 7[illegible] Renewal Of

I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of SEVENTY THREE [illegible] SEVEN-THREE AND 47/100 Dollars $ 73,943.47

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have receiv the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all oth conditions and expires no later than _____, 19____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☒ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of [illegible] % per year.

☐ **Variable Rate:** I agree to pay interest at the initial simple rate of _____ % per year. This rate may change as stated below.

☐ **Index Rate:** The future rate will be _____ the following index rate: _____

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☐ **Frequency and Timing:** The rate on this note may increase as often as _____

An increase in the index will take effect _____

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits.

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below.

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 12.000

☐ **ADDITIONAL CHARGES.** In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS. I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest IN THE AMOUNT OF $1,[illegible].63 ON JUNE 6, 1986

☒ **Principal:** I agree to pay the principal IN THE AMOUNT OF $70,[illegible].47 ON JUNE 6, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19____. A payment of $ _____ will be due on the _____ da each _____ thereafter. The final payment of the entire unpaid balanc principal and interest will be due _____, 19____.

☐ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☐ The amount of the final payment will be increased.

☐ _____

ADDITIONAL TERMS.

☐ **SECURITY:** This note is secured by _____

☐ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUD THOSE ON THE OTHER SIDE). I have received a copy on today's d

MADISON FINANCIAL CORPORATION

By: _____

JOHN LATHAM, SECRETARY

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN. FORM UN 2/17/84

SEN 33195

Q. All right. Now, in April of 1986 -- I believe I have the date right. Specifically on April 7, 1986, did you receive what has been marked, a copy of which has been marked, as Exhibit 19?

A. Yes, sir, I did.

Q. Is this the original of which this is a copy?

A. This is the original, yes, sir.

MR. JENNINGS: If the Court please, we would like to offer into evidence the original and then substitute a copy.

THE COURT: It will be received.

(Thereupon, Plaintiff's Exhibit 19 was identified for the record and received into evidence.)

Q. (By Mr. Jennings) What is this, Mr. Ward?

A. That is a note from me to Madison for $300,000.

Q. A note from Madison to you?

A. A note from me to Madison.

Q. You are the lender?

A. Yes, sir.

Q. Huh?

A. Yes, sir.

Q. Madison gave you a note for $300,000?

A. Yes, sir. In other words, they gave me a note for $300,000. The note, that's from Madison to me, yes, sir.

MR. JENNINGS: Do you have a copy?

MS. BARTLEY: No objection.

MR. JENNINGS: Do you mind the substitution?

MS. BARTLEY: No.

Q. (By Mr. Jennings) What was the occasion for Madison Financial to give you a note for $300,000?

A. I needed some money, some cash. I asked them to pay me my commission. They said they didn't have any cash to pay me the commission with, so they offered to loan me money from Madison Savings & Loan. I asked for the note from Madison to show evidence that they did in fact owe me at least that much money and so I could start drawing interest on it if I was going to have to pay them interest on the money I was borrowing from them.

Q. So you got a note from Madison Financial, which was the note, Exhibit 19, for $300,000?

A. Yes, sir.

Q. In order to meet your cash needs, you borrowed money from Madison Guaranty; is that right?

A. That is correct, sir.

Q. Now, did that $300,000 represent the full amount of the commissions owed to you?

A. The note from Madison to me?

Q. Yes, sir.

A. No, sir.

Q. Why was the amount of $300,000 used?

A. I hadn't had a rendition of the account at that time. I

knew they owed me at least that much. And I wanted to cover that much, because I was going to borrow that much, and I wanted to have an offsetting interest payment.

Q. How much money did you actually borrow from Madison Savings & Loan?

A. I actually borrowed 400,000.

Q. And then what happened with regard to that?

A. A week later I refunded them 100,000.

Q. So that left you owing 300,000 to Madison Guaranty, and Madison Financial owed you 300,000 on the note; is that right?

A. That is correct.

Q. Was the note that you gave to Madison Guaranty secured?

A. Yes, sir.

Q. How was it secured?

A. It was secured by land at Holman Acres.

Q. By this tract of land shown as tracts 27 and 28 up here --

A. Yes, sir.

Q. -- that you had retained title to; is that correct? Land that you had retained title to --

A. Yes, sir.

Q. -- excepted from the sale to Madison?

A. That's correct.

MR. JENNINGS: Now, if the Court please, at this time I would like to offer into the record the answers to

Q. Mr. Ward, you testified that you borrowed $400,000 from Madison Guaranty Savings & Loan in March of 1986.

A. Yes.

Q. I believe the note will show that the date is March 31st, 1986; is that right?

A. March what?

Q. March 31st of 1986.

A. All right.

Q. You borrowed $400,000 from Madison Guaranty Savings & Loan; is that right?

A. Uh-huh.

Q. And that $400,000 was disbursed to you. It was paid to you in two cashiers checks; is that right, one for 300,000 and one for 100,000?

A. That's right.

MR. JENNINGS: If the Court please, I will object on the grounds of relevance.

THE COURT: I'm going to deny your objection and receive the document. The authenticity is not in question, I gather.

Q. (By Ms. Bartley) Mr. Ward, I've placed in front of you a Xerox copy of two cashiers checks from Madison Guaranty Savings & Loan. What's the date on those checks?

A. One is April the 1st for 100,000, and one is March the 31st for 300,000.

Q. And who are those cashiers checks made payable to?

A. Me.

Q. And those are the cashiers checks for 300,000 and $100,000 that you received on March 31st and April 1st of 1986; is that right?

A. Yes.

MS. BARTLEY: Your Honor, I would offer that as Defendant's Exhibit 33.

MR. JENNINGS: Over our objection of relevancy.

THE COURT: Received.

(Thereupon, Defendant's Exhibit 33 was identified for the record and received into evidence.)

Q. (By Ms. Bartley) Now, you testified that you paid back the $100,000 in about a week?

A. I did.

Q. So that left a principal owing of $300,000 on that loan; is that right?

A. That's right.

Q. About a week later you requested two promissory notes from Madison Financial Corporation; is that right?

A. Yes.

Q. I believe one of the promissory notes has already been introduced as Plaintiff's Exhibit 19. That's the one in the amount of $300,000; is that correct?

MR. JENNINGS: If the Court please, for the

benefit of the court reporter, I would like for the Court to instruct Mr. Ward that he has to answer audibly. He can't just shake or nod his head.

THE COURT: All right, sir.

MR. JENNINGS: Do you understand, Mr. Ward?

A. I didn't hear. I'm sorry.

THE COURT: He says you must answer orally in order for the court reporter to catch your answer.

A. Okay. Thank you.

Q. (By Ms. Bartley) I want to hand you what's been marked Defendant's Exhibit -- well, whatever the next number will be. I think it's 34, Defendant's Exhibit 34, the promissory note in the amount of $70,943.47. What was the purpose of this promissory note?

A. I told you previously that I expected to be paid my commissions on the first part of April of '86. They could not. They said they did not have the cash to pay me my commissions, so they agreed to loan me 300,000 to supply me with the cash that I needed. But at that time it occurred to me that, if they couldn't pay me and I had to borrow from them, then I wanted at least 300,000 -- wait. These two notes are the same.

Q. You simply have a copy. It's two copies stapled together.

A. I wanted a note from them indicating that they owed me at least that much money so I could start drawing interest on

lt as long as I was going to have to pay interest on the money I had to borrow from the S & L.

Q. I understand that's your explanation as to the $300,000 note. I'm asking you now as to the 70,943.47.

A. Also by that time I had reasons to believe that enough of the property had been sold to satisfy the entire indebtedness of the million one, one five. Without having a rendition of the account, I wanted a note covering the amount of that $70,000 note to protect me against the amount that was -- I had signed for.

Q. Are you talking now about the $70,000 note that you gave Madison Guaranty on February 28th of 1986?

A. Yes.

MR. JENNINGS: Excuse me. I believe the date is the 25th.

Q. (By Ms. Bartley) February 25th, 1986?

A. Yes.

Q. And this note from Madison Financial to you in the amount of 70,943.47 is evidence that you are owed that money so you could pay off the February 25th note? Is that your testimony?

A. My testimony is I wanted to have offsetting interest.

Q. What was this $70,943.47 note to offset?

A. It wasn't to offset at this time. It was to protect me -- it was to protect me against them not having paid, having

me sign a note for that amount.

Q. So you are referring to the February 25th, 1986 note. Does this note that Madison Financial Corporation gave you go back to the February 25th note that you gave Madison Financial Corporation?

A. I'm not trying to play games. I'm not exactly following you. I'm just saying that I was aware that I had signed that note. I was also aware that I didn't owe them that money. I hadn't had a chance to get a rendition of the account, so I asked for this note at the same time to protect me against that one.

Q. All right. So you had a note to Madison Guaranty that you had given on February 25th in the amount of $70,000. You knew that note was outstanding; is that right?

A. That's right.

Q. And you gave -- you asked for and got a note from Madison Financial Corporation in the amount of $70,943.47 to protect you from the $70,000 note you had given to Madison Guaranty; is that right?

A. That's right, because we was wondering at this time just how -- that's correct.

THE COURT: In order that our record will be straight, is that note from Madison Guaranty to Mr. Ward in the record already?

MS. BARTLEY: The February 25th note from Mr. Ward

to Madison Guaranty is in the record.

THE COURT: I understand.

MS. BARTLEY: The April 7th note from Madison Financial to Mr. Ward is now going to be introduced, Your Honor, as Defendant's Exhibit 34.

THE COURT: And that is the exhibit which the witness has just described and had in his hand?

MS. BARTLEY: That's correct.

THE COURT: Let it be received into evidence.

MR. JENNINGS: If the Court please, let the record show we object because it has no relevance.

THE COURT: Objection will be denied for the record. Ms. Bartley, did you mark that exhibit? That's my problem. I want to make sure our record --

MS. BARTLEY: Yes, Your Honor. It's being marked right now.

(Thereupon, Defendant's Exhibit 34 was identified for the record and received into evidence.)

THE COURT: You may publish it to the jury.

Q. (By Ms. Bartley) Mr. Ward, I've handed you a document that's entitled "Option to Purchase Real Estate" that's been previously marked as Defendant's Exhibit 3. Do you recognize this document?

A. I do.

Q. Is this an option that Madison Financial Corporation

"We, the jury, find for Seth Ward on his complaint against Madison Guaranty Savings & Loan Association and Madison Financial Corporation and fix his damages at $391,845.

/s/ Jae Wilson /s/ M. A. Limbird /s/ Mollie Martin /s/ Betty Brady /s/ Edwin Cromwell Levy /s/ Janet Garrett /s/ Marty Justice /s/ Juanita McGinister /s/ Dorothy Hutson /s/ James H. Lercher

September 24. 1985

Mr. Jim McDougal, President
Madison Financial Corporation
16th and Main
Little Rock, Arkansas 72201

Dear Jim:

This letter is to set forth our agreement concerning the property commonly referred to as all the land owned by the Industrial Development Company of Little Rock.

On or about the 13th day of September, 1985, Madison Guaranty Savings and Loan Association agreed to acquire all of Industrial Development Company of Little Rock's property except the Timex Building. In the agreement, Madison has the right to assign its rights to that agreement to any entity or individual. As part of our agreement, I have agreed to take title to all of the assets and property north of 145th Street, the water and sewer improvements, and the water and sewage treatment ponds south of 145th Street. Madison Guaranty Savings and Loan Association will agree to lend me on a non-recourse basis the purchase price secured only by a mortgage of those parcels and the sewer and waterworks.

Madison Guaranty will have an option for at least 270 days to purchase the property from me at any time for the amount of the note plus all accrued interest. It is the intention of both Madison and myself to attempt to develop all of the property acquired from I.D.C., and sell it as quickly as possible. If there is any purchase of the property or any portion thereof during the 270 day period, the sale price will be mutually approved by me and Madison Financial Corrporation. The proceeds of any sale will be applied toward the promissory note, less a ten percent commission to be paid to me if the property is sold by me, or at Madison's discretion, the particular piece of property may be deeded back to Madison prior to the execution of the sales transaction. If it is sold by anyone else, then the proceeds will go to Madison Guaranty, less the commission to the other seller, and a four percent commission to me.

It is also agreed, in addition to the salary I am receiving from Madison Guaranty, on all property acquired from I.D.C. sold either by me or by Madison Guaranty after the exercise of Madison's option, or on that portion of the property already acquired by Madison from I.D.C., I shall receive a ten percent commission on said sale if it is sold by me, and four percent commission if it is sold by anyone else.

During the term of the option period, all of the net revenues of the waterworks and sewer department shall be forwarded directly to Madison Guaranty for application toward the note.

I would appreciate your acknowledging and agreeing to the terms of this letter agreement.

Sincerely,

Seth Ward

SW:ss

Acknowledged and accepted:

Jim McDougal, President
Madison Financial Corporation

Seth Ward
48 River Ridge
Little Rock, Arkansas 72207

September 24, 1985

Mr. James B. McDougal, President
Madison Financial Corporation
16th and Main Streets
Little Rock, Arkansas 72201

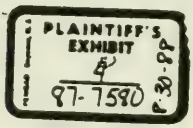
Dear Mr. McDougal:

This is to set forth our agreement concerning the property commonly referred to as all the land owned by the Industrial Development Company of Little Rock and certain improvements thereon.

On or about the 13th day of September, 1985, Madison Guaranty Savings and Loan Association agreed to acquire all of the Industrial Development Company of Little Rock's property except the grounds and building commonly referred to as the Timex Building. In the agreement Madison has the right to assign its rights to any entity or individual. As part of our agreement, I have agreed to take title to all of the assets of the aforementioned property that is located immediately north of 145th Street, the water and sewer improvements, and the sewer treatment ponds, including the one located south of 145th Street. Madison Guaranty Savings and Loan Association will agree to lend me the purchase price for this property secured by a mortgage of those parcels and the sewer and water works. Madison Guaranty will pay $35,000.00 to me to have an option for at least 270 days from the date of acquisition to purchase the property from me at any time, in whole or in part, for at least the pro rata amount of the note plus all accrued interest; except one parcel described as follows:

> Approximately 22 1/2 acres located and referred to as the Northeast Quadrant of the Interchange of Highway 65 and 145th Street. More specifically described in the attached legal description which is a part of this agreement.

It is the intention of both Madison and myself to attempt to develop all the property acquired from I.D.C. and sell it as quickly as possible. If the property or any portion thereof is sold during the 270 day period, the sale price will be mutually approved by me and Madison Financial Corporation. The proceeds of the sale will be applied toward the promissory note, less a 10% sales commission to be paid to me. At Madison's discretion,



any particular piece of property may be deeded back to Madison prior to the execution of a sales transaction.

It is also agreed, in addition to the salary I am receiving from Madison Financial Corporation, I will receive 10% sales commission on all property sold, regardless who sells it, except residential property that will be located south of 145th Street, in which case I will receive 4% commission if sold by any other person.

During the term of the option period, all of the net revenues of the water works and sewer department shall be forwarded directly to Madison Guaranty for application toward the note, unless such facilities are sold sooner. Madison Financial Corporation will also be responsible for all taxes, special assessments, dues, insurance premiums, etc. during the period of this option.

I would appreciate your acknowledging and agreeing to the terms of the letter of agreement.

Sincerely,

Seth Ward

Acknowledged and accepted:

James B. McDougal, President
Madison Financial Corporation

Addendum to Agreement Between
Seth Ward and James B. McDougal
September 24, 1985

(Little Rock South Industrial Park, NE Corner 65-167 & 145th)

LEGAL DESCRIPTION -

Part of Tracts 27 & 28, Holman Acres, Pulaski County, Arkansas, more particularly described as: Starting at the intersection of the north right-of-way line East 145th Street and the west right-of-way line of Dineen Drive, said point also being the Southeast corner of the Birch-Brooks, Inc. property; thence N 0 deg. 21 min. E along the west right-of-way of Dineen Drive 373.12 ft. to the Northeast corner of said Birch-Brooks, Inc. property and the point of beginning; thence N 89 deg. 50 min. 30 sec. W, along the north line of said Birch-Brooks, Inc. property 303.50 ft. to the Northwest corner thereof, thence S 0 deg. 05 min. 30 sec. W along the west line of said Birch-Brooks, Inc. property 255.25 ft. to a point on the north right-of-way line of U. S. Highway No. 65-167; thence N 23 deg. 33 min. 10 sec. W, along said north right-of-way line, 111.57 ft. to a point; thence N 89 deg. 39 min. 40 sec. W and continuing along said north right-of-way line, 650.87 ft. to a point; thence N 54 deg. 01 min. 20 sec. W and continuing along said north right-of-way line 111.29 ft. to a point on the east right-of-way line of said U. S. Highway No. 65-167; thence N 2 deg. 29 min. 48 sec. W along said east right-of-way line, 835.63 ft. to a point; thence S 89 deg. 55 min. E along the south property line of the Seimens-Allis, Inc. property and said south line extended Westerly, 1191.02 ft. to a point on the west right-of-way line of Dineen Drive; thence S 0 Deg. 21 min. W along said west right-of-way line 310.35 ft. to a point; thence Southwesterly and continuing along said west right-of-way line, being the arc of a 715.66 ft. radius curve to the right, having a chord bearing and distance of S 8 deg. 21 min. W, 199.20 ft. to a point; thence S 16 deg. 21 min. W and continuing along said west right-of-way line, 20.0 ft. to a point; thence Southwesterly and continuing along said west right-of-way line, being the arc of a 715.79 ft. radius curve to the left having a chord bearing and distance of S 8 deg. 21 min. W, 199.23 ft. to a point; thence S 0 deg. 21 min. W and continuing along said west right-of-way line, 25.88 ft. to the point of beginning, containing 22.5649 acres more or less.

OPTION TO PURCHASE REAL ESTATE

This option granted this 1st day of May, 1986, by SETH WARD and YVONNE ANNA WARD, his wife (collectively "Grantor"), to MADISON FINANCIAL CORPORATION ("Optionee"),

W-I-T-N-E-S-S-E-T-H:

1. GRANT OF OPTION. In consideration of Optionee's payment to the Grantor of One Thousand Dollars ($1,000.00), and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Grantor hereby grants to Optionee an exclusive and irrevocable Option to purchase the following described property together with all buildings and improvements thereon, situated in the City of Little Rock, Pualski County, Arkansas, to-wit:

Part of Tracts 27 & 28, Holman Acres, Pulaski County, Arkansas.

SW1-063

2. PURCHASE PRICE. The purchase price for the property hereinabove described, together with all improvements theron, shall be Four Hundred Thousand Dollars ($400,000.00).

3. EXPIRATION DATE. This Option shall expire at 6:00 o'clock, P.M., Central Time, on August 1, 1986.

4. FAILURE TO EXERCISE OPTION. If Optionee does not exercise this Option as herein provided, all sums paid by him hereunder shall be retained by the Grantor free of all claims of Optionee, and neither party shall have any further rights of claims against the other.

5. EXERCISE OF OPTION. This option shall be exercised by Optionee's delivering to the Grantor written notice of such exercise on or before the expiration date, or any extension thereof, or by Optionee's mailing such written notice of exercise by certified mail to Grantor at least two (2) days before the expiration date, or any extension therof; and such notice, if so mailed, shall be deemed valid and effective whether or not it actually is delivered to Grantor prior to the expiration date, or any extension thereof.

6. CLOSING REQUIREMENTS. In the event of Optionee's exercise of this Option:

a. Closing will occur within 30 days after the exercise of this Option, which date may be extended by mutual agreement;

b. The Grantor shall deliver at closing to Optionee, or his nominee, a general warranty deed conveying good and marketable title in fee simple to the aforesaid premises, free and clear of all liens, encumbrances and tenancies, except those for streets and utilities and tenancies which may be disclosed by Grantor to Optionee prior to the granting of this Option;

c. Taxes and assessments, if any, due on or before the closing date shall be paid by Grantor. Taxes and assessments, if any, for 1986 shall be prorated as of the closing date;

d. Grantor, at Grantor's sole expense, shall furnish Optionee, within 30 days after exercise of the Option, a complete abstract certified to a current date, or at Grantor's option, a commitment for an owner's title insurance policy convertible at closing to an owner's policy issued on ALTA Form B, 1970, reflecting merchantable title satisfactory to Optionee's attorney. In the event an abstract is furnished and an examination of title to said

property shall disclose that the same is not good and marketable, and if the cause of such unmarketability shall not be removed by Grantor prior to the date fixed for closing, then Grantor may exercise his option to furnish Optionee a policy of title insurance satisfactory to Optionee. If marketable title cannot be conveyed at closing, any monies paid by Optionee on account of the purchase price of said property, including any sums paid as consideration for the granting of this Option, shall be refunded to Optionee;

e. The risk of loss, damage, condemnation, or destruction of the premises or improvements thereon by fire, or otherwise, until closing shall be on Grantor;

f. Revenue stamps to be placed on the Deed shall be at the expense of Grantor.

7. PAYMENT OF PURCHASE PRICE. At closing, Optionee will pay Grantor in cash an amount equal to the purchase price set out in accordance with Paragraph 2 hereof.

8. NOTICES. Any notices required hereunder shall be effective if given to the parties hereto at the following addresses, or such other address as either party may subsequently designate in writing:

OPTIONEE: Madison Financial Corporation
1308 South Main
Little Rock, Arkansas 72201

GRANTOR: Seth Ward
16th & Main
Little Rock, Arkansas 72201

9. ASSIGNMENT. This Option, before or after its exercise, may be assigned by Optionee without the prior written consent of Grantor.

GRANTOR:

Seth Ward

OPTIONEE:

MADISON FINANCIAL CORPORATION

BY:

ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss.
COUNTY OF PULASKI)

On this day before me, the undersigned officer, personally appeared SETH WARD and YVONNE ANNA WARD, his wife, known to me to be the persons whose names are subscribed to the foregoing Option to Purchase Real Estate, and acknowledged that they had executed the same for the purposes therein contained.

WITNESS my hand and official seal this 5th day of May, 1986.

Notary Public
Dorothy E. Olinger

My Commission Expires:

August 26, 1993

ACKNOWLEDGMENT

STATE OF ARKANSAS)
)ss.
COUNTY OF PULASKI)

On this day before me, the undersigned officer, personally appeared John Latham, Secretary Madison Financial, known to me to be the person whose name is subscribed to the foregoing Option to Purchase Real Estate, and acknowledged that he had executed the same for the purposes therein contained.

WITNESS my hand and official seal this 5th day of May, 1986.

Notary Public
Dorothy E. Olinger

My Commission Expires:

August 26, 1993

A. This is also a letter to Mr. James B. McDougal signed by Seth Ward.

Q. Before this lawsuit began, had you ever seen Plaintiff's Exhibit 4 before?

A. No, I had not.

Q. Would you look at the next exhibit that I've placed in front of you, what's been introduced as Plaintiff's Exhibit 5. I believe that's a copy of the letter that you said you typed for Mr. Ward?

A. That's correct.

Q. In addition, the word "void" and some initials appear on it?

A. Yes, ma'am.

Q. Had you ever seen this document with "void" written on it before Mr. Ward brought this lawsuit?

A. No, I had not.

Q. Now, your present position with Madison Guaranty is legal officer?

A. Yes, ma'am.

Q. And what type of work does a legal officer do?

A. Legal matters come to me, and I in turn refer them to various law firms and attorneys for litigation. And I'm responsible for gathering in investigation of these matters and referring the documentation to the attorney.

Q. Are you familiar with the files of Madison Guaranty and

Madison Financial Corporation through this position?

A. Yes, I am.

Q. Have you looked through the Madison Guaranty and Madison Financial Corporation files at my request to see if either the letter, Plaintiff's Exhibit 5, marked void, or the letter that you did not prepare, Plaintiff's Exhibit 4, appears in those files?

A. I did not find a copy of either, no.

Q. I would like to go now to early 1986, January, February, in there. Were the Federal Home Loan Bank examiners scheduled to arrive at Madison Guaranty in February of 1986?

A. Yes. We had indications that they were preparing for an examination at that time, yes.

Q. Did Mr. McDougal do anything to get ready for the arrival of the examiners?

A. Yes. There was considerable preparation to get prepared for the examination.

Q. Did he change locations as a result of the examination that was coming up?

A. Yes, he did.

Q. Where did he go?

A. He vacated the offices at the savings and loan building and moved to a sales office at the Castle Grande Estates. There was a sales office for the financial corporation that was established there, and he moved his office there.

didn't know how to run the bank and I had, from late 1984 on, I was not an officer or a director at the bank. I was only doing the land development and they ran the savings and loan.

Q. There was testimony -- well, strike that, Mr. Jahn doesn't want the testimony. Did you move your office from the physical plant at 16th and Main Street to the sales office at Castle Sewer and Water in the early part of 1986?

A. Yes, sir.

Q. Were you fleeing the examiners?

A. No. The examiners weren't there when I moved, but I knew they were coming, and I knew they wanted a large room, as they always do, to meet in. Actually, my office was the board room at the bank, and there was a big table and big chairs and lots of room to accommodate the eight or ten people they had with them. For years I had been spending 95 percent of my time in the field building roads and doing what we had to do to develop. And remember, we had two huge developments. We had a thousand acres at Maple Creek right down the road and we had Castle Grande of about a thousand acres. So from a practical standpoint I was there all the time anyway.

Q. Did you meet -- at any time the examiners requested you to meet with them, did you do so?

1ST STORY of Level 1 printed in FULL format.

Copyright 1996 American Broadcasting Companies, Inc.
All rights reserved
ABC NEWS

SHOW: Nightline (ABC 11:30 pm ET)

January 30, 1996

Transcript # 3832

TYPE: Show; Interview

SECTION: News; Domestic

LENGTH: 3882 words

BODY:
ANNOUNCER: January 30th, 1996.

TED KOPPEL: [voice-over] The accusation? Obstruction of justice, knowingly withholding subpoenaed documents. The location? A book room on the third floor of the White House, a room in the First Family's private quarters. One clue? A White House log handed over today with the names of all the people who might have had access, from Mrs. Clinton's chief of staff to Chelsea Clinton's friends, to dignitaries visiting the President. Tonight, the mystery of the lost and found records.

ANNOUNCER: This is ABC News Nightline. Reporting from Washington, Ted Koppel.

TED KOPPEL: Almost exactly two years ago, a subpoena was issued for some billing records from the Rose Law Firm in Little Rock, Arkansas. These are records that go back about 10 years or so and that would, it was believed, shed some light on how much work attorney Hillary Clinton did on a particular real estate deal, and for whom she did that work. For the better part of these last two years, those records could not be found. Then, seemingly out of nowhere, they turned up earlier this month in the office of a woman named Carolyn Huber. What turned that into a major story is that Ms. Huber works at the White House, and that she says she found the billing records in the private quarters of the First Family, found them, in fact, last August, right outside Mrs. Clinton's private office, didn't know what they were, packed them up, didn't realize what they were until a couple of weeks ago, when she was tidying up her own office.

If someone has been deliberately concealing those records, that would be a federal crime. The White House says that a surprisingly large number of people actually had access to the Clintons' private quarters last August. We'll tell you more about that later, but we want to use most of our time this evening to put this latest development into context. We begin by taking something both the President and the First Lady have said recently.

Pres. BILL CLINTON: I just would like to ask the American people to take a deep breath, relax, and listen to the First Lady's answers, because we've been through this for over four years now, and every time a set of questions comes up, we answer the questions, and we go on, the American people are satisfied, and they will be again.

Nightline (ABC), January 30, 1996

HILLARY CLINTON: ['20/20,' January 20, 1996] We've had questions raised for the last four years, and eventually they're answered, and they go away, and more questions come up.

CHRIS BURY, ABC News: [voice-over] The President and Mrs. Clinton complain that the questions keep changing, but the controversies over Whitewater and the travel office have stayed alive, in large part, because the answers keep changing, too. On Whitewater:

[April 1994]

1st REPORTER: Can you tell us what you know about stories about shredding of Whitewater documents down in Arkansas-

HILLARY CLINTON: Nothing.

1st REPORTER: -particularly at the gubernatorial mansion?

HILLARY CLINTON: Oh, that didn't happen, and I know nothing about any other such stories.

2nd REPORTER: [crosstalk] know nothing about documents relating to Whitewater ever shredded anywhere that you know about, or authorized- or being authorized?

HILLARY CLINTON: Absolutely not.

CHRIS BURY: [voice-over] But this month, in a sworn statement to the Resolution Trust Corporation, Hillary Clinton said, quote, 'It appears I cooperated with this effort ' to dispose of such files.

On releasing documents:

HILLARY CLINTON: [January 15, 1996, 'The Diane Rehm Show, WAMU Radio] We actually did that with The New York Times. We took every document we had, which again, I have to say, were not many. We laid them all out.

CHRIS BURY: [voice-over] On January 15th, Mrs. Clinton told a radio interviewer all documents had been released. Five days later, the White House issued a statement to The New York Times saying that wasn't quite true.

On Castle Grande, Hillary Clinton's legal work for a land deal regulators describe as fraudulent: in May 1995 she told the Resolution Trust Corporation, quote, 'I don't believe I knew anything about any of these real estate parcels and projects.' But after billing records showed Hillary Clinton had at least 14 conversations with Seth Ward, the major player in the deal, Mrs. Clinton told Barbara Walters she knew the project by another name.

HILLARY CLINTON: ['20/20'] And so when I was asked about it last year, I didn't recognize it, I didn't remember it. The billing records show I did not do work for Castle Grande. I did work for something called IDC, which was not related to Castle Grande.

CHRIS BURY: [voice-over] That is not how Susan McDougal, the Clintons' former business partner, remembers it.

Nightline (ABC), January 30, 1996

SUSAN McDOUGAL: It was always the same thing. As far as I know, IDC and- and- and Castle Grande were one and the same.

CHRIS BURY: [voice-over] Later, in another sworn statement, Mrs. Clinton said, quote, 'It is possible that I did once know something more that would be responsive to these interrogatories, but if I did, I do not recall it now.'

On the travel office: in March 1994, when the General Accounting Office investigated the firings of the White House travel staff, Hillary Clinton's attorney said, quote, 'She had no role in the decision to terminate the employees.' But numerous memos from various White House aides document the First Lady's wishes.

We need 'those people out...' we need '...our people in.'

The First Lady was concerned and desired action. The action desired was the 'firing of the travel office staff.'

'Hillary wants these people fired.'

In her first interviews after those memos were released, Mrs. Clinton was adamant.

HILLARY CLINTON: ['20/20'] But I did not make the decisions, I did not direct anyone to make the decisions. But I have absolutely no doubt that I did express concern, because I was concerned about any kind of financial mismanagement.

CHRIS BURY: [voice-over] But by the next week, Mrs. Clinton had all but conceded her concern amounted to an order.

HILLARY CLINTON: ['The Diane Rehm Show'] Before I came to the White House, I dealt with people in a very direct way. If something was on my mind, I said it. That is an entirely different environment, and the mere expression of concern could be, I guess, taken to mean something more than it was meant.

CHRIS BURY: The First Lady has conceded her answers have often been too lawyerly, but Mrs. Clinton has not acknowledged how her own instinct for evasiveness may have contributed to a pattern of stonewalling and possible perjury among her loyal allies at the White House.

TED KOPPEL: When we come back, Hillary Clinton's billing records, Vince Foster and the suicide. Chris Bury continues his report in a moment.

[Commercial break]

CHRIS BURY: [voice-over] The suicide of Vince Foster, White House lawyer, long-time Clinton friend, Rose Law Firm partner, is a pivotal event. The travel office and Whitewater paths intersect in his office, in his files, on his mind. A note written the week before he died has a confessional quality. 'I made mistakes from ignorance, inexperience and overwork. I did not knowingly violate any law or standard of conduct.'

Another entry in a personal notebook says, 'Defend Hillary Clinton role, whatever is, was in fact, or might have been misperceived to be.'

We don't know exactly what that means, but we do know Foster served as Hillary Clinton's confidante and protector, going back to the 1992 presidential campaign.

In March of '92, a potentially damaging story breaks about Hillary Clinton's legal work for a failing savings and loan.

HILLARY CLINTON: My firm had done work for the bank, that's right, and I have done work for the bank not related to the state at all, all right?

CHRIS BURY: [voice-over] Mrs. Clinton is able to answer such questions because Vince Foster has obtained the firm's billing records. Rick Massey is the Rose lawyer who helped Foster gather documents.

RICK MASSEY, Rose Law Firm Attorney: [January 11, 1996] He asked me why it was taking so long for me to get the- get the files, and I told him I was copying them.

WHITEWATER COMMITTEE MEMBER: And what was his attitude?

RICK MASSEY: He was impatient.

WHITEWATER COMMITTEE MEMBER: He was impatient?

RICK MASSEY: He was- he was- he was seemingly impatient. He wanted the- he wanted the records.

CHRIS BURY: [voice-over] We know, from the dates stamped on them, that the billing records were printed out February 12, 1992. They are covered with Foster's handwriting in red ink. Most are bookkeeping notations. Hillary Clinton's work is circled. The messages are cryptic, such as 'HRC- this suggests 1st matter.' We also know that Webb Hubbell, the former associate attorney general and Rose partner imprisoned for cheating his clients, talked about the billing records February 24th with Susan Thomases, another Hillary Clinton friend and campaign adviser.

WHITEWATER COMMITTEE MEMBER [?]: Now, do you know whatever happened to the time records that Mr. Hubbell was relying upon when he spoke to you in February of '92?

SUSAN THOMASES: [December 18, 1995] I never saw them. I never got any precise information from them, and-

WHITEWATER COMMITTEE MEMBER: Did you ever hear what happened to them?

SUSAN THOMASES: I never heard what happened to them.

CHRIS BURY: Whatever happened to those records is a mystery investigators have been trying to unravel for more than two years. They were not among the documents Hubbell took to Washington and later turned over to investigators. The only other person known to have the billing records is Vince Foster, and that gives rise to a Republican theory that Foster had custody of the records until his suicide.

Sen. ALFONSE D'AMATO, (R), Whitewater Committee Chairman: How did they find

their way to the First Family's residence? Who brought- brought the Rose billing records to the residence of the White House? These records may have been taken from Vince Foster's office, because we do know that Vince Foster's handwriting is all over them.

CHRIS BURY: [voice-over] Senator D'Amato has asked the independent counsel to take another look at the harried actions of Hillary Clinton's aides following Foster's suicide, including Margaret Williams, Hillary Clinton's chief of staff.

[July 1995]

Sen. JOHN KERRY, (D), Massachusetts: Did you carry out folders from Vince Foster's office on the night of the 20th?

MARGARET WILLIAMS: No, I did not.

Sen. JOHN KERRY: Did you carry out something like folders on the night of the 20th from Vince Foster's office?

MARGARET WILLIAMS: No. I do not recall carrying out folders.

Sen. JOHN KERRY: Did you carry out three to five inches of files from Vince Foster's office on the night of the 20th?

MARGARET WILLIAMS: No, I did not.

CHRIS BURY: [voice-over] Williams was disputing testimony from a Secret Service guard whose claim that she took files from Foster's office may now be seen in a different light.

HENRY O'NEIL, U.S. Secret Service: [July 1995] She was carrying what I would describe in her arms and hands as folders. She had them down in front of her as she walked, down to her- in the direction of where I was standing.

CHRIS BURY: [voice-over] The Senate Whitewater panel remains curious about the flurry of phone calls soon after Foster's death among Hillary Clinton, Margaret Williams, Susan Thomases and Bernard Nussbaum, the White House counsel. Hillary Clinton, in her interview with Barbara Walters, denies issuing any orders to interfere.

HILLARY CLINTON: ['20/20'] There were no documents taken out of Vince Foster's office on the night he died, and I did not direct anyone to interfere in any investigation. I know very well what we were talking about. We were grieving, we were supporting each other.

CHRIS BURY: [voice-over] But last summer, the Senate Whitewater committee was told by Bernard Nussbaum's assistant that Hillary Clinton made her concern clear in conversations with Nussbaum and Susan Thomases.

STEPHEN NEUWIRTH, Associate Counsel to the President: [August 1995] My understanding was that Mr. Nussbaum felt that Ms. Thomases and the First Lady may have been concerned about anyone having unfettered access to Mr. Foster's office.

CHRIS BURY: [voice-over] Under oath, loyal insiders, including Margaret

Nightline (ABC), January 30, 1996

Williams and Susan Thomases, could not or would not recall their conversations or meetings with Mrs. Clinton.

MARGARET WILLIAMS: For me, it was a part of my job, and I do not remember every single time I have seen her.

SUSAN THOMASES: I don't really remember seeing the First Lady that day.

CHRIS BURY: [voice-over] The Senate Whitewater committee is now considering a recommendation of perjury to the independent counsel.

[interviewing] Can not remembering be construed as perjury?

JONATHAN TURLEY, George Washington Law School: Most certainly.

CHRIS BURY: [voice-over] Jonathan Turley is a law professor at George Washington University.

JONATHAN TURLEY: This was not another day at the White House. Somebody had just died. There was a whole investigation going forward. Some of these conversations were with the First Lady. And so a jury's going to look at that and say, 'You know what? I think, if my best friend just shot himself and I got a call from the First Lady, I think that would stick in my mind.'

CHRIS BURY: [voice-over] The problem is not just a potential for perjury on the part of Hillary Clinton's aides. The mystery of the missing billing records raises the ante. Now the Clintons must worry, too, about a criminal investigation into whether someone inside the White House obstructed justice.

TED KOPPEL: When we come back, the list of names turned over by the White House, a list of people who had access to the private quarters of the White House, in a moment.

[Commercial break]

CHRIS BURY: [voice-over] In an unprecedented spectacle, the First Lady testifies before a federal grand jury about the mysterious appearance of her billing records for the Rose Law Firm.

HILLARY CLINTON: I, like everyone else, would like to know the answer about how those documents showed up, after all these years.

CHRIS BURY: [voice-over] The Senate Whitewater hearings revealed those documents were held, and perhaps hidden, by someone with access to the White House living quarters.

MICHAEL CHERTOFF, Whitewater Republican Counsel: Someone had taken those documents from wherever they had been kept earlier, and had deliberately put them on that pile of books?

CAROLYN HUBER, Special Assistant to the President: Someone had.

MICHAEL CHERTOFF: They didn't get there by themselves.

CAROLYN HUBER: No.

Nightline (ABC), January 30, 1996

CHRIS BURY: [voice-over] That raises the real possibility of a federal crime, obstruction of justice, inside the White House, according to former prosecutors and legal experts.

JONATHAN TURLEY: There is a serious question of obstruction here. In a conventional case, a U.S. attorney would very likely pursue these types of allegations. All they have to show is that there was a conscious effort to withhold information or to conceal it. You can make that case out by circumstantial evidence. This is not one of those cases where you need a smoking gun.

CHRIS BURY: The questions now before a grand jury are serious for two reasons. Hillary Clinton's billing records had been among documents under subpoena since February 1994, so whoever had them was breaking the law by keeping them from the independent counsel. And the documents were discovered in a part of the White House normally off-limits to all but the First Family, invited guests and personal staff.

[voice-over] The book room where the billing records were found is in the third-floor living quarters of the White House, adjacent to a maid's linen room, an exercise room, and Hillary Clinton's private study. In the room are two filing cabinets and a table where the folded 116-page document, five or six inches thick, was found last August just as the Senate Whitewater hearings were getting underway. It was discovered by Carolyn Huber, the Clintons' director of personal correspondence and a former office manager at the Rose Law Firm.

CAROLYN HUBER: And over on the edge of the corner was these documents, and I saw 'em, I just- they were folded, I didn't open 'em, I just picked them up and plumped them down into the box.

CHRIS BURY: [voice-over] But why? And under whose directions? Huber said it was part of her job to catalog items left in the room.

CAROLYN HUBER: I just picked them up and plumped them down in that box that was already there with the knick-knacks on it.

MICHAEL CHERTOFF: Why did you do that?

CAROLYN HUBER: 'Cause I thought it was something I was supposed to file.

MICHAEL CHERTOFF: You thought it had been left there for you?

CAROLYN HUBER: Yes, I thought it had been left there for me to take down to put in the file- you know, to file in the filing that I do.

CHRIS BURY: [voice-over] Republicans on the Whitewater committee and the independent counsel are anxious to know how the documents got to the White House living quarters and, of course, who put them there.

Sen. LAUCH FAIRCLOTH, (R), North Carolina: Now, she did not find these billing records on the turnstile at the Metro. She found them in the most secure room in the entire world, the third floor of the White House.

SUE SCHMIDT, 'The Washington Post': Very few people had access to this room.

Nightline (ABC), January 30, 1996

The Clintons, their overnight guests, their servants, the butler, the ushers. The universe of people that could have had their hands on these documents is- is limited, if you credit her testimony. And also, that room, the book room, as it's called, is next door to Mrs. Clinton's office in the residence, and there's a file cabinet in the book room that contains the Clintons' personal financial records.

MARK FABIANI [sp?]: It's certainly not Grand Central Station. On the other hand-

CHRIS BURY: [voice-over] But Mark Fabiani, a White House lawyer, says the residence does get plenty of traffic.

MARK FABIANI: It is a good number of people who go through there on any kind- any number of kinds of business. For example, people who are overnight guests of the First Family, people who are doing work in the area, people who are maintaining the area, staff members who come into the area for meetings.

CHRIS BURY: [voice-over] But he won't give names, or even numbers.

[interviewing] Is it possible to just say, roughly, how many people had access to this area?

MARK FABIANI: It is not just a few people. It's more than a few people. I think-

CHRIS BURY: Ten, 15?

MARK FABIANI: Again, I don't want to get into a game where we start to promulgate theories that are not borne out by the facts. We want to be very careful to tell people what we do know, and to tell people what we don't know.

CHRIS BURY: Nightline has learned that a preliminary check of the Secret Service and White House usher logs has turned up as many as 100 names of people admitted to the White House residence in a 20-day period last August. On that list are visiting dignitaries and insiders, including Hillary Clinton's top aides, and perhaps the very name of the person who can solve Washington's biggest mystery. Ted?

TED KOPPEL: When they talk about all the people who have had access to the private quarters, are- are we to believe that they actually have access to the particular area we're talking about, right outside Mrs. Clinton's private office?

CHRIS BURY: Well, the White House says that access to the book room is not individually noted, but we know that that's an extraordinarily select area. I mean, one former White House official told us, 'You need a pass from God in order to be up there.'

TED KOPPEL: So, when they're talking about this list of close to 100 people, we're talking about some of the downstairs private quarters, not the upstairs private quarters.

CHRIS BURY: We're talking about the entire White House residence, which includes much of the second and third floor, and the part on the lower level where foreign dignitaries and other visitors come in.

TED KOPPEL: I also have trouble envisioning one other aspect of this, Chris, and that is that a construction worker, for example, even if he or she were up there working in that area, would not be noticed by a Secret Service agent if he or she suddenly came walking around with a handful of documents.

CHRIS BURY: Absolutely. I mean, it's hard to believe that 116 pages of documents five or six inches thick is going to fall out of a construction worker's pocket up there. And I think it's interesting to note whom Kenneth Starr, the independent counsel, has called in to investigate these records. He's called in the head usher, who might know. He's called in Mrs. Clinton's personal attorney. He's called in the White House lawyer in charge of producing these documents. So those indications are that Kenneth Starr is already narrowing the search, and I doubt if he's going to be calling many of the visiting dignitaries who showed up at the White House in August.

TED KOPPEL: We should make the point, I guess, Chris, that- that there is no suggestion at this point that Mrs. Clinton herself is facing any criminal investigation.

CHRIS BURY: Absolutely. She was called before the grand jury for about three and a half hours. She has not been notified that she's the target. But we do know that she testified during that time primarily about what happened to these mysterious, you know, missing and reappearing records.

TED KOPPEL: And when all is said and done now, we're not really talking about Whitewater anymore, we're not really talking about Travelgate anymore, now it's something that has happened within a very discrete period of time, within the past two years.

CHRIS BURY: This is a tangible thing that- that people can get. This is about a coverup inside the White House in one select room populated by the First Family, their immediate staffs, perhaps some close friends. It's a very select circle.

TED KOPPEL: Chris Bury, thank you.

I'll be back in a moment.

[Commercial break]

TED KOPPEL: And finally, a program note. Tomorrow, on Good Morning America, rumors, questions, and concerns for a computer giant. What's next for Apple Computers? Tomorrow on Good Morning America.

That's our report for tonight. I'm Ted Koppel in Washington. For all of us here at ABC News, good night.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it has not yet been proofread against videotape.

LANGUAGE: ENGLISH

LOAD-DATE: January 31, 1996

LR 245F-2

Continuation of FD-302 of DANNY RAY LASATER On 10/14/86 Page 20

stated that he has seen CLARENCE STRAHAN use cocaine approximately five times and that STRAHAN has had the responsibility of holding his (LASATER's) cocaine on numerous occasions. He stated that CLARENCE STRAHAN has bought cocaine for him approximately three or four times but that the money used for the purchase always came from himself.

Mr. LASATER admitted doing cocaine with GEORGE HALL and HERBIE DOUGLAS in the past, with one of the occasions occurring at the KING ARTHUR'S CLUB on Markham in 1982 or early 1983. He did not recall to whom the cocaine belonged at the time.

He is familiar with LARRY KELLY, but he has never done cocaine with KELLY, and he has never given KELLY any cocaine.

He is unfamiliar with an individual by the name of BUD GUY. Mr. LASATER advised that he has snorted cocaine with DON BUZANOWSKI, who worked in the Fort Lauderdale, Florida, office. He snorted cocaine with him on one or two occasions and has given him cocaine in bump amounts.

He is only slightly familiar with OMAR BUTTARI as BUTTARI worked in the Fort Lauderdale, Florida, office. He had no drug dealings with BUTTARI.

He is familiar with TOM CARTER, with whom he has snorted cocaine on several occasions in which the cocaine would be both his and TOM CARTER's at the time.

Mr. LASATER related that he has given PAULA COLLINS cocaine ranging from fifteen (15) to twenty-five (25) times in small amounts. He denied ever ordering CHUCK BERRY to give PAULA COLLINS cocaine but was aware that BERRY had given her cocaine in the past. He knows PAULA COLLINS as being the former wife of DAVID COLLINS.

Regarding ROGER CLINTON, Mr. LASATER advised he met CLINTON through MITCHELL WOOD sometime around 1981 or 1982 during the time CLINTON played in a band in the Hot Springs area. CLINTON was employed by him at one time in which Governor BILL CLINTON requested LASATER to hire him. ROGER CLINTON was employed as a stable hand at his Ocala, Florida, horse farm. Mr. LASATER stated he has done cocaine with ROGER CLINTON, and they have shared their personal supplies of cocaine as each of them always had it with them.

HOT SPRINGS [Garland]
The Sentinel Record

DKSN017642

FEB. 28 1985

Governor's brother testifies at Spa attorney's drug trial



Clardy

By JERRY MITCHELL
S-R Staff Writer

Roger Clinton, 28, the brother of Gov. Bill Clinton, testified Monday in U.S. District Court that "my life and my family's life was in considerable jeopardy" due to his cocaine debts.

Roger Clinton told his best friend, Dan Lasater, a Florida businessman and racehorse owner, about his drug debts, and Lasater loaned him $8,000, Clinton testified during the trial of Sam Anderson Jr., 28, of Hot Springs, a local attorney charged with cocaine distribution. U.S. District Judge Oren Harris is presiding.

Clinton said at first he tried to protect Anderson when investigators told him he would be arrested during the summer of 1984.

U.S. Attorney Asa Hutchinson asked Clinton why he is testifying now.

"My life was slipping away from me, ..." he replied. "I thought I had a friend in Sam ... I have my life. I'm here to tell the entire truth."

Clinton told the jury he sold cocaine to Anderson on several occasions between November 1983 and February 1984.

Clinton said he and Anderson used cocaine extensively and that Anderson used approximately 75 percent of what he bought for them.

Anderson is accused of purchasing cocaine from Clinton and Maurice Rodriguez, 20, of New York City.

Clinton and Rodriguez pleaded guilty to conspiracy to distribute cocaine charges.



Myers

Clinton also pleaded guilty to one count of distributing cocaine.

He received a two-year prison sentence, and Rodriguez received three years.

Clinton also received a three-year suspended sentence.

Clinton said Monday he was slipping into debt with Rodriguez and "this was causing friction."

Clinton then arranged to buy 10 to 15 ounces of cocaine for him and Anderson from Rodriguez, with the majority of the cocaine to go to Anderson, Clinton said.

Clinton said he picked up 9 ounces of cocaine from Rodriguez and after going into a Hot Springs club for an hour he returned to his car to find the roof slashed and the cocaine stolen from the glove box.

Clinton said he became frightened because he did not have money to pay Rodriguez.

After borrowing the money from Lasater, Clinton said he paid Rodriguez $4,000. The rest of the money went to pay other debts, he said.

Under questioning by Floyd Clardy, a Bryant attorney representing Anderson, Clinton said he used cocaine in the back of a limousine Dec. 13 after he had already pleaded guilty to cocaine charges -- something he said when sentenced Jan. 28.

When asked by Clardy why he did not tell the truth about a cocaine transaction which Clinton told the grand jury involved Anderson and took place June 27, 1984, he replied that he was in a "state of shock."

The government dropped the charge of distributing cocaine after Clardy filed an alibi which showed Anderson was in Fort Worth June 27.

NEXT

See TRIAL on Page 9



Clinton

trial con't... | DKSN017643

"How about today?" Clardy asked. "Are you still in a state of shock?"

"Quite frankly I am," Clinton replied.

Clinton said he sold cocaine to government informant Rodney Meyers on three occasions for three grams, with prices between $100 and $150 per gram.

Clinton said he bought the cocaine on June 20, 1984, for Meyers from Anderson.

Clinton said he took as a joke Meyers offer to set him up selling condominiums.

Clardy asked if Myers had sought his aid for enlisting the governor's help in lifting a building ban.

Mark Webb, of the U.S. Attorney's office, objected to the testimony as irrelevant.

Harris sustained the objection.

Myers testified that he bought cocaine from Clinton on June 20 and that Clinton told him the cocaine was from Anderson.

Myers said he received a $200 check for airfare from the government and a $200 check for attending the trial. "I was not a paid informant."

In his opening statement, Hutchinson told the jury that "we will see what life on the fast track in Hot Springs, Ark., in 1983 and 1984 was like .... Every fast track has its end and this one has an end in this courtroom."

Clardy said in his opening statement that Anderson has used cocaine but has been not been charged with that.

Clardy spent most of his time attacking the credibility of Clinton as a witness and argued that Clinton decided to use Anderson as a "scapegoat."

A nine-woman, three-man jury was selected by noon Monday, and one man and one woman were selected as alternates. The trial is expected to last several days, possibly a week.

Clardy filed a motion Monday requesting a determination of whose fingerprints were found on a bag of cocaine sold to Meyers June 20. The government said in a motion Friday that the fingerprints were not Anderson's.

Clardy said in court Monday he will call the lab technician who examined the bag to determine whose fingerprints they are.

Clardy also requested permission to play videotaped conversations between Clinton, Meyers and others and included numerous pages of transcript from those conversations in the court record.

The trial will resume at 9:30 a.m. today in federal court.

Rodriguez may testify for the prosecution during today's proceedings.



Anderson and his wife, Debbie, leave the federal building during noon recess. (Photo by David Vann)

nited States of America vs

United States District Court for the Eastern District of Arkansas

DEFENDANT: DAN R. LASATER

DOCKET NO: LR-CR-86-158 (1)

USMS FIAB ORIGINAL - PLEASE RETURN

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH: December DAY: 18, YEAR: 1986

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of c

[X] WITH COUNSEL William R. Wilson (Name of Counsel)

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS
FEB 2 1987
CARL R. BRENTS, CLERK
By DEP. CLERK

PLEA

[X] GUILTY, and the court being satisfied that there is a factual basis for the plea. [ ] NOLO CONTENDERE. [ ] NOT GUILTY

FINDING & JUDGMENT

There being a finding [illegible] of [ ] NOT GUILTY. Defendant is discharged [X] GUILTY.

Defendant has been convicted as charged of the offense(s) of knowingly and intentionally conspi[illegible] to possess and to distribute cocaine, a Schedule II drug in violation o[illegible] 21 USC 841(a) & 846.

[illegible]

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contra was shown or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of (30) thirty months.

IT IS FURTHER ORDERED that a $50.00 assessment be imposed pursuant to 18 USC 3013 to be collected by the U.S. Attorney.

Execution of sentence of imprisonment is hereby stayed until noon, Thursday, January 15, 1987, at which time he shall report to, or the direction of, the United States Marshal at Little Rock, Ar.

Defendant will remain on same bond until that date.

SPECIAL CONDITIONS OF PROBATION

CONDITIONS OF PROBATION

[illegible] judgment be [illegible] [illegible] conditions of probation [illegible] [illegible] [illegible]

GENERAL CONDITIONS OF PROBATION

[illegible] probation has been ordered the defendant must [illegible] comply with each of the following [illegible] orders and obey all conditions of probation prescribed by the court: TO THE DEFENDANT — You are

(1) refrain from violation of any law (federal, state, and local) and get in touch immediately with your probation officer if arrested or questioned by a law enforcement officer;

(2) associate only with law-abiding persons and maintain reasonable hours;

(3) work regularly at a lawful occupation and support your legal dependents, if any, to the best of your ability. When unemployed, notify your probation officer immediately and seek lawful employment;

(4) not leave the judicial district without permission of the court or probation officer;

(5) notify your probation officer immediately of any change in your place of residence;

(6) follow the probation officer's instructions and report as directed.

The court may change the terms and conditions of probation, reduce or enlarge the period of probation, and at any time during the probation period or within the maximum probation period may issue a warrant and revoke probation for a violation occurring during the probation period.

Maximum probation period for all offenses and information which may be imposed on defendant eligible for sentencing under the Youth Corrections Act: 6 years for a felony, and two years for conviction of a misdemeanor or six months for conviction of a petty offense.

FILED
[illegible]
CARL R. BRENTS, CLERK
By [illegible] DEP. CLERK

RETURN

I have executed the within Judgment and Commitment as follows:

Defendant delivered on _____ to _____

Defendant noted appeal on _____

Defendant released on _____

Mandate issued on _____

Defendant's appeal determined on _____

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS
FEB 02 1987
CARL R. BRENTS, CLERK
By _____ DEP. CLERK

surrendered
~~XXXXXXX~~ on January 15, 1987 to Federal Correctional Institution

Fort Worth, Texas _____, the institution designated by the Attorney General

Charles Turner, Warden
United States Marshal

By L. Brown, Jr.
Deputy Marshal

RECEIVED
DEC 22 1 00 PM '86
EASTERN DISTRICT
OF ARKANSAS

[illegible]

OFFICE OF THE GOVERNOR

MEMORANDUM

To : Governor

Date: 2/23

From : Cathy R

Subject: Recs by Dan Lasater

reappt George Wright
James Brannan
Dick Mathis
Mort Hardwick
Margaret Cavendish-Jacks

appt Jim Tom Bell
Don Spears
Ed Wilkes (actually Patsy McLinn)

DKSN026466

M.S. 86

Dan R. Lasater

January 23, 1985

The Honorable
Bill Clinton
Governor
State Capitol
Little Rock, Arkansas 72201

Dear Governor:

Since our January 4, 1985 meeting I have been to Angel Fire for the Special Winter Olympics. I am sorry to have missed your inaugural activities and want to take this opportunity to again wish you well in this term.

To confirm our conversation of January 4, it is my understanding that you will be appointing Donald M. Spears, an attorney in Malvern, to the Arkansas Housing Board and his appointment will endure any change in structure of the Agency.

Members of my staff have been working with Bill Woodyard and others in that firm in an effort to help workout financing details to assist to you in your efforts to advance economic development in the State. If they have failed in furnishing the information you need or if you need additional information please do not hesitate to call me or have Maurice call Patsy.

With the legislature now in town, I know your schedule is full, but I always enjoy the opportunity to visit with you and would invite you to come by for lunch or a drink any time. Too, let me offer our offices, our staff or our resources to you for the entertainment of any guests from the State of Arkansas or outside of the State.

Sincerely,

Dan R. Lasater

312 Louisiana Street
Little Rock, Arkansas 72201
(501) 376-0069

DKSN026479

Lasater Farm
11629 S.E. Co. Hwy. 475
Ocala, Florida 32674
Phone 904-245-2495

WJS
Bring after Gaston tell
him talk to her —
he must quit him

December 14, 1983

The Honorable Bill Clinton
Governor of Arkansas
State Capitol Building
Little Rock, Arkansas 72201

Dear Bill:

It was a pleasure to see you yesterday at the Hot Springs "Christmas to Share" Program and to visit with you by telephone last night.



We wanted to follow up with the details of our conversation in this correspondence. With regard to the dispersal of the securities owned by Mount Hood Pension Fund, National Investors Life Insurance and National Investors Pension Fund, we have been working hand-in-hand with their personnel toward an orderly sale of their holdings and, in fact, we handled the first stage of the dispersal in November when we participated in the liquidation of $30 million of Illinois bonds. The Comoanies have been our clients for quite some time and our account representatives are very familiar with the portfolios which is extremely important in the sales process.

It is our belief that an orderly dispersal of these securities will benefit the policy holders and the shareholders of these Comoanies; thereby, benefiting Arkansas citizens the most. To date, the dispersal has been handled within the State; therefore, any gains or losses have remained in Arkansas.

As we discussed, rumor has it that co-managers of First Boston and Stephens Inc. will be appointed the first of the year to consumate any future transactions in the portfolio. It is estimated that there is approximately $1.9 billion of debt securities which it is expected will be sold, and if First Boston is appointed, it will mean that a larger percentage of the proceeds will be leaving Arkansas.

Knowing that we have the same dedication to the State of Arkansas, I do not believe that you will want this to happen. However, we do understand the problems which you face at the Insurance Commission; and are cognizant that you may have difficulty in maintaining the status quo as far as the dispersal is concerned.

Faced with that reality, we hope that you will be able to take the initiative in strongly suggesting that Lasater & Company may be included with First Boston and Stephens Inc. as a third co-manager. This would mean that a majority of the business would stay in Arkansas.

DKSN027455

With regard to the Board of the Arkansas Housing and Development Agency, it is our understanding that the chairmanship rotates annually. Based on this understanding, we would like to recommend our mutual friend George Wright for the chairmanship. George has expressed an interest in the chairmanship and we believe that he would take the time and devote the energy necessary to do a good job.

In addition, it is our understanding that there will be vacancies in January on the AHDA Board and we would like to strongly recommend Dale Taylor, an attorney with First Commercial Mortgage Company. His background and professional capabilities make him particularly suited for service on this Agency Board.

During the recent Special Session, legislation passed creating a commission to study the possibility of creating an agency similar to the AHDA to do public school financing. We would like to recommend Michael Drake, Vice President of Public Finance at Lasater & Company to serve on the Commission. Michael was born at Judsonia, Arkansas and his undergraduate degree is from Harding College. Michael did his graduate work at Wayne State University in Urban Planning and Fiscal Affairs and post graduate work at the Harvard-MIT Joint Center for Urban Studies. With his educational background and his knowledge of Arkansas and fiscal matters, we believe he is perfectly suited for the Commission and that he will make a significant contribution.

Finally, let me again say that the Insurance Companies' dispersal of its holdings is very important to us and we sincerely hope that there is some way to make certain that we do not lose our position.

Again, we appreciate your able assistance.

Sincerely,

Dan R. Lasater

DRL/ls

cc: Maurice Smith

DKSN027456

The Honorable Bill Clinton
Governor of Arkansas
State Capitol Building
Little Rock, Arkansas 72201

Lasater Farm
R.R. 5, Box 676
Ocala, Florida 32670

DKSN027457

Lasater & Company
INVESTMENT BANKERS

February 15, 1985

The Honorable
Bill Clinton
Governor
State Capitol
Little Rock, AR 72201

Dear Governor:

Thank you very much for the opportunity to sit down and visit with you regarding the many issues facing Arkansas and relative to areas in which Lasater & Company can assist you in your efforts to promote and develop Arkansas.

In order to maximize our relationship, I believe that it is essential that we take some positive steps to set up specific lines of communication to enable both our understanding and to make sure that those lines are kept open and functioning.

To begin, let me suggest that Lasater & Company be advised of all financing proposals effecting the state of Arkansas and suggest that your contact person in our company in descending order is Joe Morfogiio, Michael Drake and Dan Mouzy.

Secondly, we have discussed the appointment of Donnie Spears to the Arkansas Housing Board and I have confirmed our understanding regarding the appointment in my letter of January 28, 1985, and I want to again reaffirm our interest and desire in seeing Mr. Spears in this position.

Next, let me suggest that we believe it would be in your best interest to send a representative of your staff to each Arkansas Housing and Development study meeting which usually proceeds the regular meeting of the agency. Normally, the study meeting occurs on the third Wednesday of each month.

Fourth, we would recommend to you that competitive proposals be required on the up-coming AHDA FHA/VA financing to permit Hutton to submit a proposal. It is important for us to know that because we have made commitments to Hutton and unless competitive proposals are accepted, it would leave us, Lasater & Company, in an untenable position.

DKSN027573

312 Louisiana Street · Little Rock, Arkansas 72201 · 501-376-0069
National Wats (1-800-643-6072) · Arkansas Wats (1-800-482-8496
#1 Corporate Place, Pennsquare D · 110 S. Broward Blvd. · Ft. Lauderdale, Florida 33301 · 305-467-5088
National Wats (1-800-327-0211) · Florida Wats (1-800-432-9711
Member Securities Investor Protection Corporation

Dan Moudy, who is very familiar with state government and who serves on the Constitutional Convention is a lobbyist and he is available on strategy or any other matters in which you believe his input would be effective. Let me encourage you to call on Dan; his experience and knowledge is valuable.

In addition, we would be more comfortable if you would take the opportunity or ask someone on your staff to take the opportunity to appraise me or my staff of any actions by you or your staff prior to any public announcements so that we will not be surprised or in some instances embarrassed because of the announcement.

Finally, I believe it would serve us both well to have regular monthly meetings between the two of us to discuss the affairs of the economy on Arkansas. Bill, I do not ask for this to have undue influence or to try to apply undue pressure to you or your Administration but because of my background in business I believe that I can make a positive contribution to you in your efforts to promote a better climate in the state of Arkansas.

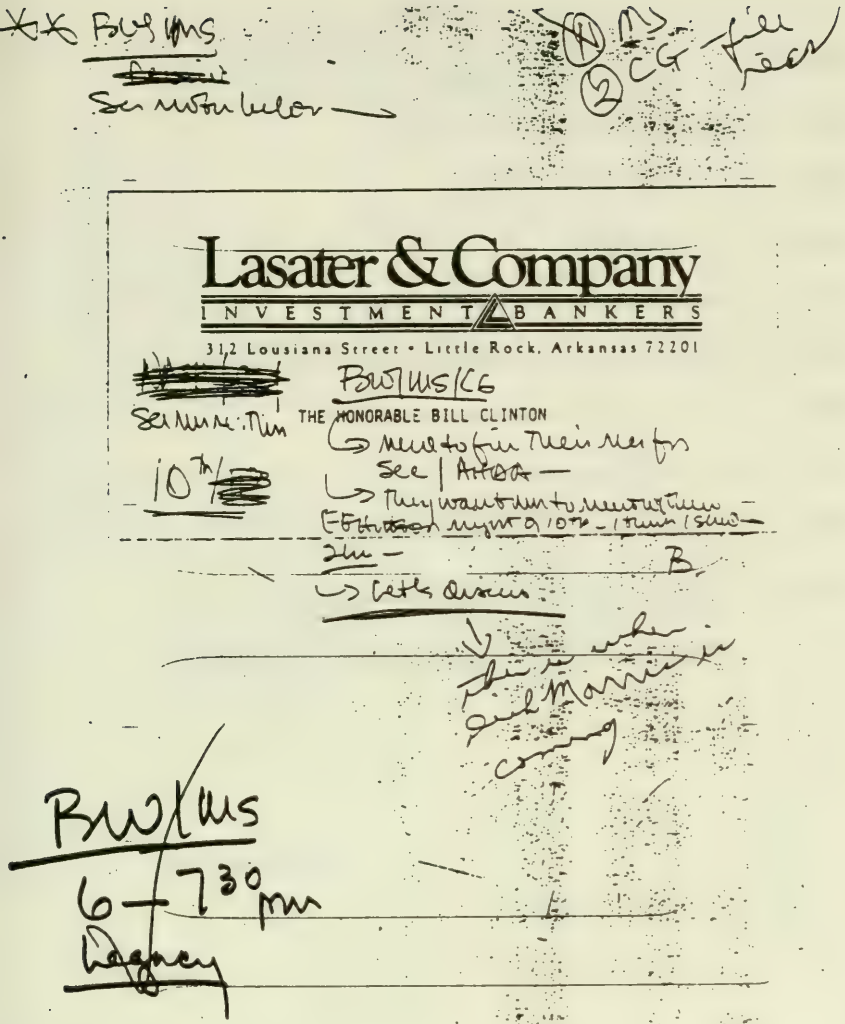
Again, thank you for the opportunity to sit down and discuss with you these points and I hope you will act favorably on my suggestion for a regular meeting.

Sincerely,

Dan M. Lasater

Rick L. Knox
President

DKSN027574



Lasater & Company
INVESTMENT BANKERS
312 Louisiana Street • Little Rock, Arkansas 72201

THE HONORABLE BILL CLINTON

DKSN027472

TABLE OF CONTENTS

SECTION 1. E.F. HUTTON PUBLIC FINANCE GROUP

SECTION 2. MARKETING AND DISTRIBUTION STRENGTH

SECTION 3. E.F. HUTTON INDEMNITY COMPANY

SECTION 4. HOUSING FINANCING

SECTION 5. POLICE COMMUNICATION FINANCING

SECTION 6. CORRECTIONAL FACILITIES FINANCING

SECTION 7. E.F. HUTTON CREDIT / PATROL CAR FINANCING

SECTION 8. HEALTH CARE FINANCING

SECTION 9. STATE ASSISTANCE FOR WATER AND SEWER FINANCING

SECTION 10. APPENDIX A: E.F. HUTTON'S ARKANSAS FINANCINGS
APPENDIX B: INNOVATIVE ALTERNATIVES TO TRADITIONAL JAIL FINANCING
APPENDIX C: TAX-EXEMPT TELECOMMUNICATIONS LEASE FINANCING

DKSN027490

Lasater & Company
INVESTMENT BANKERS

AGENDA

I. Appointments

a. Arkansas Securities Commissioner

b. Arkansas Housing Development Agency

c. State Insurance Commissioner

II. Legislative Proposals

a. Ask for appointment time on January 10, to discuss:

1. Expanded powers of AHDA
2. School finance
3. State power authority
4. Equipment leasing
5. Fund management
6. Additional information

312 Louisiana Street • Little Rock, Arkansas 72201 • 501/376-0069
National Wats: 1-800-643-8072 • Arkansas Wats: 1-800-482-8496
#1 Corporate Plaza, Penthouse D • 110 E. Broward Blvd. • Ft. Lauderdale, Florida 33301 • 305/467-3088
National Wats: 1-800-327-6211 • Florida Wats: 1-800-432-9711
NASD Member Firm and Member Securities Investor Protection Corporation

DKSN027473

ADFA (AND AHDA) USE OF PROFESSIONAL FIRMS
AS UNDERWRITERS AND BOND COUNSEL

PERIOD	LEAD UNDERWRITERS	OTHER UNDERWRITERS	BOND COUNSEL
1978 AHDA	E.F. Hutton & Company Inc. TOTAL # OF PARTICIPANTS: 1	Stephens Inc. T.J. Raney & Sons TOTAL # OF PARTICIPANTS: 2	Rose Law Firm TOTAL # OF PARTICIPANTS: 1
1979 1980 AHDA	E.F. Hutton & Company Inc. TOTAL # OF PARTICIPANTS: 1	Merrill Lynch Capital Markets Stephens Inc. T.J. Raney & Sons TOTAL # OF PARTICIPANTS: 3	Friday, Eldredge & Clark Rose Law Firm TOTAL # OF PARTICIPANTS: 2
1981 1982 AHDA	E.F. Hutton & Company Inc. Stephens Inc. TOTAL # OF PARTICIPANTS: 2	George K. Baum & Company Stephens Inc. T.J. Raney & Sons TOTAL # OF PARTICIPANTS: 3	Friday, Eldredge & Clark Kutac, Rock & Campbell TOTAL # OF PARTICIPANTS: 2
1983-1984 AHDA	Blyth Eastman Paine Webber George K. Baum & Company PaineWebber Inc. Simmons First National Bank TOTAL # OF PARTICIPANTS: 4	Chase Manhattan Capital Markets Collins, Locke & Lasater First Boston Corporation George K. Baum & Company Lasater & Company Lazard Freres Merrill Lynch Capital Markets Norwest Investment Services, Inc. Prudential Securities Stephens Inc. T.J. Raney & Sons TOTAL # OF PARTICIPANTS: 11	Wright, Lindsey & Jennings TOTAL # OF PARTICIPANTS: 1

DKSN026171

PERIOD	LEAD UNDERWRITERS	OTHER UNDERWRITERS	BOND COUNSEL
1985-1991 ADFA	First National Bank First Tennessee National Bank American National Bank & Trust Dean Witter Dillion, Reed & Company E.F. Hutton & Company Inc. George K. Baum & Company Goldman, Sachs & Company Merrill Lynch Capital Markets Morgan Keegan & Company Northern Trust Company PaineWebber Inc. Prudential Securities Shearson Lehman Hutton, Inc. Stephens Inc. T.J. Raney & Sons	A.G. Edwards & Sons, Inc. Chemical Securities, Inc. Cherokee Securities Company Citicorp Investment Bank Crews & Associates; Inc. Dean Witter Reynolds Inc. Donaldson, Lufkin & Jenrette Securities Corporation Drexel Burnham Lambert Edward D. Jones and Co. First Boston Corporation First Commercial Bank, N.A. Gabriele, Hueglin & Cashman George K. Baum & Company Hill, Crawford & Lanford, Inc. Howard, Weil, Labouisse, Friedrichs Inc. Lasater & Company Lehman Brothers Llama Company Merrill Lynch Capital Markets PaineWebber Inc. Powell & Satterfield, Inc. Shearson Lehman Hutton, Inc. Simmons First National Bank Stephens Inc. Thomson McKinnon Securities, Inc. T.J. Raney & Sons	Friday, Eldredge & Clark House, Wallace & Jewell, P.A. & Sons Mitchell, Williams, Selig & Tucker Orrick, Herrington & Sutcliffe Rose Law Firm Williams & Anderson Wood, Lucksinger & Epstein Wright, Lindsey & Jennings
	TOTAL # OF PARTICIPANTS: 16	TOTAL # OF PARTICIPANTS: 26	TOTAL # OF PARTICIPANTS: 8

AHDA: Arkansas Housing Development Authority
ADFA: Arkansas Development Finance Authority

DKSN026172

Thursday

12A

GAZETTE SEP 16 1988

White alleges Clinton link on securities

Untrue, governor says

GAZETTE SEP 16 1988

By Marie Henson
GAZETTE STAFF

Frank White, the Republican gubernatorial nominee, charged Wednesday that Governor Bill Clinton had unfairly directed state bond business to Lasater and Company, a Little Rock investment banking firm.

He also charged that Clinton lied about not having received political contributions from Arkansas Power and Light Company Board members and about the law firm that employs his wife.

Lasater and Company, "the biggest financial backer of Clinton" and a company that has raised money for him every campaign, has received $640 million in state bond business participation since 1983, White said in a speech to the Conway Kiwanis Club.

"Is there anybody else that received any more? Not that I can find. So don't tell me that this administration can't be influenced," White said, hammering at his last-

(See CHARGES on Page 12A.)

Charges

Continued from Page 1A

est issue: Conflicts of interest.

Clinton responded in a telephone interview that it wasn't true that he had directed business to Lasater. "The only thing that I have done on that at all is to urge that we give the maximum number of qualified people the chance to participate," he said.

"I think Frank White went haywire today because he knows he got waxed last night" during the televised gubernatorial debate, Clinton said. "He wants to see if he can't take the campaign to a new low."

Says it's $640 million

Responding to reporters after his speech, White said the actual amount of Lasater's business was $640 million out of $1.4 billion in total state bond issues since 1983. The figures came from bond circulars, he said.

He accused Dan R. Lasater, who owns the investment banking firm, of having "a very tight hold over the governor's office." White said whether the bond business was being spread around the state. "Business has been directed to his firm. It indicates he (Lasater) is having a substantial influence over the governor's office," White said.

Epes disagrees

Weston Epes, director of the state Development Finance Authority, which handles most of the state revenue bond issues, disputed White's comments.

To White's charge that Lasater had participated in more bond business than other firms since 1983, Epes said, "Generally, it is inaccurate. Specifically, it is false in fact. Stephens has received more business than Lasater has since 1983, as well as since the beginning of this agency." He referred to Stephens, Inc., the large Little Rock-based investment banking firm.

Lasater has participated in $637 million worth of business out of the $827 million worth of bond business handled by the state Authority since 1983, but the company has shared the underwriting of the bond issues with other firms, including Stephens, he said. Typically, six to eight firms together underwrite an issue, Epes said.

After White lost his campaign for governor in November 1982, he went to work for Stephens as the head of the public finance department, responsible for some municipal bond business, Epes said. Jackson T. Stephens, a partner in the company, has raised more than $100,000 for White's campaign.

In every case in which Lasater and Company participated in underwriting a bond issue, Stephens also was an underwriter, Epes said. White "has benefited as much as Dan Lasater," he said.

Is a 'contributor'

Mr. Clinton called Lasater "a substantial contributor" to his campaign, and those of other Arkansas Democratic candidates. He labeled as untrue White's charges that he channeled business to Lasater. He added that when White went to work for Stephens, "I made it absolutely clear to everybody" that Stephens participation in state bond issues shouldn't be affected.

Clinton lied, White says

In other charges during the speech, White said Clinton "lied" during a televised debate Tuesday night when he said, "I don't have any contributions from AP and L officers or directors." Before the May primary, Clinton received contributions from Lee Wilson and Company of Wilson, whose president Michael E. Wilson is an AP and L Board member, and John A. Cooper Jr., president of Cooper Communities, Inc., of Sentonville and a member of the boards of AP and L and Middle South Utilities.

"I don't mind him getting money from AP and L people, just tell the truth," White said. Clinton said in the debate Tuesday night that White's $100,000 fund-raiser last week was hosted by a member of the AP and L Board. Jackson T. Stephens and his wife Mary Anne Stephens (who is an AP and L Board member) were hosts for the event.

Clinton said his statement during the debate was that "no AP and L Board member had ever raised me over $100,000." He wasn't being critical of contributors, he said. He just wanted to cast doubt on White's credibility on the Grand Gulf nuclear power plant issue, he said.

"If you let somebody raise over $100,000 and you go around telling everybody how strapped you are for cash ... you're not going to turn around and bankrupt the company whose board member helped raise $100,000," he said. Clinton said that when he received contributions from the companies administered by AP and L Board members, "I didn't know that I had. I didn't focus on it," noting that he had worked with the companies on non-utility issues.

Another allegation

White also said Clinton told "a lie" when he said the Rose Law Firm of Little Rock, which employs his wife, Hillary, was involved only in financial matters and not environmental matters when it represented Ensco Inc., the hazardous waste disposal firm. Clinton's remarks was reported in the *Arkansas Democrat* Wednesday. White said Wednesday the Rose firm represented Ensco when the company sued Union County over its ordinance to stop the burning of PCBs.

"If that's a financial matter, I'll eat my hat. It's an environmental issue," White said. He noted that Clinton has made us Number One in the burning of PCBs in El Dorado, Arkansas."

Clinton said his comment Tuesday night was that the Rose Law Firm's representation of Ensco "began over purely financial matters," and that representation on environmental matters "grew out of that representation."

When questioned, White admitted after the speech that he had been mistaken during the gubernatorial debate Tuesday night when he said he had abolished the state Commerce Department. Clinton abolished that Department. White abolished the Public Safety Department.

White also said during th debate that he had abolished the Local Services Department, but that department also was abolished by Clinton.

Tuesday - Sept. 16

Sept. 17

DKSN027286

ACT 817 1985

State of Arkansas
75th General Assembly
Regular Session, 1985
By: Joint Budget Committee

A Bill

325

As engrossed 3/20/85

For An Act To Be Entitled

"AN ACT AUTHORIZING THE LEASING OF COMMUNICATIONS EQUIPMENT FOR THE DEPARTMENT OF THE ARKANSAS STATE POLICE; PROVIDING FOR THE PAYMENT AND SECURITY OF THE COSTS OF THE EQUIPMENT; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. This Act shall be known and may be cited as the "Department of Arkansas State Police Communications Equipment Leasing Act".

SECTION 2. The General Assembly finds (a) that the existing communications equipment used by the Department of Arkansas State Police (i) has poor radio coverage, (ii) has the problems of public monitoring and lack of user privacy, and (iii) is subject to unauthorized usage and interference from other parties; and (b) that portions of the existing communications equipment are (i) worn out, (ii) obsolete and expensive to repair and maintain, and (iii) specially designed mobile and portable units having limited utility.

The General Assembly hereby determines that adequate and modern communications equipment for the enhancement of state-wide law enforcement is essential to the safety and welfare of the people of this State.

It is hereby legislatively determined that adequate and modern communications equipment needs to be acquired in order to replace the existing communications equipment and the most feasible and least expensive way of financing the same is by authorizing a lease-purchase agreement under the authority of this Act.

SECTION 3. DEFINITIONS. Whenever used in this Act, unless a different meaning clearly appears from the context:

"Acquire" means to acquire (by lease, lease-purchase or otherwise),

PRESIDENT OF SENATE

ELS146

DKSN018193

construct, repair, alter, install, restore or place on any land, or in any building or motor vehicle any communications equipment, by negotiation or bidding upon such terms and conditions as are determined by the Commission to be in the best interests of the Department and that will most effectively serve the purposes of this Act.

"Act 231" means Act 231 of 1945, as now in effect or as hereafter amended.

"Commission" means the Arkansas State Police Commission, being the Commission created by Act 231, or any successor agency.

"Communications Equipment" means public safety communication equipment and systems, including buildings, structures, furnishings, and fixtures used directly for public safety purposes in connection with the operation thereof, including, but not limited to, radio broadcast and receiving, telegraph, television, teletype, microwave transmission, and similar systems of communication by voice, or conveyance of words, signals, or images by electronic or electrical means.

"Cost", as applied to communications equipment, means and includes any and all costs of such equipment and, without limiting the generality of the foregoing, shall include the following:

(i) all costs of the acquisition of any such communications equipment and all costs incident or related thereto;

(ii) the cost of architectural, engineering, legal and related services; the cost of the preparation of plans, specifications, studies, surveys and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing or determining the need for or the feasibility and practicability of such communications equipment;

(iii) any and all costs paid or incurred in connection with the financing of such communications equipment, including out-of-pocket expenses, the cost of financing, legal, accounting, financial advisory and consulting fees, expenses and disbursements; the cost of any policy of insurance, letter of credit or guaranty; the cost of printing, engraving and reproduction services; and the cost of the initial or acceptance fee of any trustee or paying agent.

"Department" means the Department of Arkansas State Police, created by Act 231, and any successor agency.

"Director" means the Director of the Department of Arkansas State Police.

"Lease or Lease-Purchase Agreement" means the contract entered into by the Commission to acquire the communications equipment.

"Lease Payments" means payments to be made by the Department from pledged revenues or other legally available sources to pay costs of communications equipment.

"Pledged Revenues" means all revenues authorized by Section 5 of this Act to be pledged for the security and payment of the lease.

SECTION 4. In addition to the powers, purposes, and authorities set forth elsewhere in this Act or in other laws, the Commission is hereby authorized and empowered to:

(a) Acquire, construct, repair, renovate, alter, maintain and equip communications equipment for use by the Department, provided that communications equipment acquired under the authority of this Act shall not be used for the transmission of telephonic messages which bypass the public telephone network.

(b) Contract for the lease, lease purchase or purchase of the communications equipment on such terms and conditions as are specified by this Act and approved by the Director with the consent of the Commission and to provide for the payment of the cost of acquisition from any legally available source or sources, including, without limitation, the revenues authorized by Section 5 of this Act, and funds appropriated and made available under Act 231, and funds, if any, appropriated for the communications equipment.

(c) Purchase, acquire, lease, lease purchase or rent, and receive bequests or donations of, or otherwise acquire, sell, trade, or barter, any property (real, personal or mixed) and convert such property into money and/or other property;

(d) Contract and be contracted with;

(e) Apply for, receive, accept and use any moneys and property from the Government of the United States of America, any agency, any State or governmental body or political subdivision, any public or private corporation or organizaton of any nature, or any individual;

(f) Invest and reinvest any of its moneys (in securities, oblig-

PRESIDENT OF SENATE

DKSN018195

tions, banking arrangements or investment agreements selected by the Commission);

(g) Make and execute all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this Act;

(h) In connection with the acquisition and financing of the costs of communication equipment, employ attorneys, accountants, underwriters, and financial advisors, and such other advisors, consultants, and agents as may be necessary in its judgement, and to fix their compensation;

(i) Procure insurance against any loss in connection with its property and other assets, in such amounts and from such insurers as it may deem advisable, including the power to pay premiums on any such insurance.

(j) Procure insurance or guaranties from any public or private entities, including any department, agency or instrumentality of the United States of America, to secure payment of any lease entered into under the authority of this Act, including the power to pay premiums on any such insurance or guaranty;

(k) To arrange for the use of such communications equipment by any federal, state or local governmental agency or any other person, from time to time, as any of such communications equipment is not needed by the Department, and to collect fees and charges, as the Commission determines to be reasonable, in connection with the use of any communications equipment by any other person;

(l) To cooperate with and exchange services and information with any federal, state or local governmental agency;

(m) Take such other action, not inconsistent with law, as may be necessary, convenient or desirable to carry out the powers, purposes and authorities set forth in this Act and to carry out the intent of this Act. All such powers, purposes and authorities set forth above, except those relating to the contracting for the lease, purchase or lease-purchase of the communications equipment, may be carried out by the Department.

SECTION 5. (a) The lease payments and other costs relating to the

DKSN018196

communications equipment shall be secured solely by a lien on and pledge of all revenues derived from the following fees and charges fixed and imposed by Act 38 of 1937, as now or hereafter amended [Ark. Stats. §75-320(a) Repl. 1979], or pursuant to any subsequent similar laws, which are hereby confirmed, ratified, fixed and imposed, and which are as follows: (a) an operator's or a motorcycle's (driver's) license for two years - $6.00; (b) a chauffeur's license for two years - $10.00; (c) motor scooter license for not more than two years - $2.00; (d) an operator's license or a motorcycle's license for four years - $12.00; and (e) a chauffeur's license for four years - $20.00; the pledging of such revenues (collectively the "pledged revenues") being hereby authorized. No earlier than July 1, 1985, but commencing on the first day of the month next succeeding the execution of any leasing agreement authorized by this Act, all pledged revenues are hereby specifically declared to be cash funds restricted in their use and dedicated and to be used solely as provided and authorized in this Act. No earlier than July 1, 1985, but commencing the first day of the month next succeeding the execution of the Lease hereunder and so long as Lease Payments remain to be paid, the pledged revenues shall not be deposited into the State Treasury and shall not be subject to legislative appropriation but, as and when received (by the Commissioner of Motor Vehicles, by the Department of Motor Vehicles, by the Department, by the Commission, by the Commissioner of Revenues, Department of Finance and Administration or by any other State agency, as the case may be) shall be deposited in a bank or banks selected by the Department, to the credit of a fund hereby created and designated as the "Department of Arkansas State Police Communications Equipment Lease Fund, hereinafter referred to as the "Lease Fund".

Payments to cover the costs under the Lease Agreement shall be paid from the Lease Fund on a monthly basis. If and so long as all payments to cover the costs under the Lease Agreement are properly made on the last day of each fiscal quarter, the pledged revenues remaining in the Lease Fund in excess of a reserve of 30% of a fiscal quarter's requirements shall be withdrawn from the Lease Fund and deposited in the State Treasury as special revenues to the credit of the Department of Arkansas State Police Fund. So long as any lease payments remain to be paid, all moneys in the Department of Arkansas State Police Communication Equipment Lease Fund shall be used solely for the payment of the lease payments, and other costs in connection with the lease, with the

PRESIDENT OF SENATE

maintenance of necessary funds and reserves, except that the lease may provide for the withdrawal, for other lawful purposes, of surplus moneys, as defined in the lease. Nothing in this Section 5 is intended to prohibit the Department from investing moneys deposited into the Department of Arkansas State Police Communications Equipment Lease Fund, as provided in this Act. The provisions of this Section shall expire upon payment of the final costs authorized under the aforementioned agreement, and any balances remaining in the Department of Arkansas State Police Communications Equipment Lease Fund shall be deposited in the State Treasury to the credit of the Department of Arkansas State Police Fund as a non-revenue receipt.

(b) So long as there are remaining any lease payments to be made, the General Assembly may eliminate or change the driver's license fees referred to as pledged revenues above, under Act 29 of 1973, as now or hereafter amended, or any subsequent similar law, but only on condition that there is always maintained in effect and made available for the payment of lease payments sources of revenue which produce revenues at least sufficient in amount to provide for the payment when due of the lease payments.

SECTION 6. The Commission shall submit any contract, agreement, or proposal, as authorized by this Act, to the Arkansas Communications Study Committee and to the Arkansas Legislative Council prior to any obligation being incurred by the Commission for their advice and counsel.

SECTION 7. This act shall be liberally construed to accomplish the intent and purposes thereof and shall be the sole authority required for the accomplishment of such purposes. To this end, it shall not be necessary to comply with general provisions of other laws dealing with public commodities and public facilities, their acquisition, construction, leasing, encumbering or disposition, provided that the Commission shall comply with Subsection (a) through (d) of Section 8 of Act No. 884 of 1977, as amended by Section 2 of Act 820 of 1979 before acquiring any communications equipment authorized under this Act, and provided that the Commission shall submit any Invitation or Request for Bids, Quotes, or Proposals, and the procedures to be used in evaluating the same, to the Administrator of the Office of State Purchasing of the Department of Finance and Administration for his or her review and written approval prior to any obligation being incurred by the Commission or

the Department as such obligation relates to any acquisition authorized and defined by this Act. The enumeration of any object, purpose, power, manner, method and thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

SECTION 8. The interest portion of any costs of acquiring communications equipment, authorized by this Act, shall be exempt from state, county and municipal income, inheritance and estate taxes.

SECTION 9. The provisions of this Act are hereby declared to be severable. If any provision of this Act, shall be held invalid or inapplicable to any person, firm or circumstance, such invalidity or inapplicability shall not affect the validity or applicability of the remainder of the Act.

SECTION 10. This Act shall be the complete and sole authority for the accomplishment of the purposes hereof. To the extent that there is a conflict between the provisions of this Act and Act No. 231, the provisions of this Act shall govern. All laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 11. The Seventy-Fifth General Assembly hereby finds and declares the present communications equipment for the Department is not adequate and that there is an urgent need that modern communications equipment be acquired in order that the Department may continue to carry out its law enforcement responsibilities in an effective manner. Therefore, an emergency is declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be effective upon its passage and approval.

/s/ J. Miller

PRESIDENT OF SENATE

4/4/85

APPROVED BY

GOVERNOR

DKSN018199

MINUTES OF ARKANSAS STATE POLICE COMMISSION MEETING

MAY 10, 1985

A special meeting of the Arkansas State Police Commission was held on May 10, 1985 in the Board Room of Arkansas State Police Administrative Headquarters, 3 Natural Resources Drive, Little Rock.

The meeting had been called to hear oral proposals from the four financial firms that had been selected by the Financial Screening Committee for consideration by the Commission to handle financing for the Arkansas State Police Communications System.

The meeting was called to order at 1:35 p.m. by Commission Chairman Bill Simpson.

MEMBERS PRESENT:

Bill Simpson, Chairman
James D. Washburn, Vice Chairman
Winthrop Paul Rockefeller, Secretary
Chester Hynes
Johnny Mitchum
Gene Raff
James M. Tennyson

STATE POLICE PERSONNEL ATTENDING:

Colonel T. L. Goodwin
Major Jim Tyler
Lieutenant John Chambers
Sergeant Bill Young
Corporal Van Dyer
[illegible]

OTHERS ATTENDING:

Mr. Ed Bethell, State Purchasing Office
Mr. Dudley Meadows, State Purchasing Office
Mr. Mike Stormes, State Budget Office

The Chairman confirmed that the press had been officially notified.

MINUTES OF FINANCIAL SCREENING COMMITTEE

Major Tyler read the Minutes of a meeting of the Financial Screening Committee held on May 7, 1985. The Committee had selected four financial firms to present oral proposals to the Commission. The firms are

Dabos Sullivan
First Capital Resources
A Joint Proposal from T. J. Raney, E. F. Hutton and Lasater and Company
Stephens, Inc.

Commissioner Hynes moved that the Minutes be accepted. Commissioner Tennyson seconded. Motion carried unanimously.

Commissioner Simpson expressed appreciation to the Screening Committee for the time and effort they had expended.

PRESENTATION OF PROPOSALS

Commissioner Simpson announced the order of presentation for the four proposals and stated that the order had been determined by a drawing. He also informed the participants that their proposal would be limited to 30 minutes with 15 minutes allotted for questions and answers after each proposal. He requested that only representatives of the firm presenting the proposal be in the room during time of presentation.

The order of presentation was as follows:

1. Dabbs Sullivan
2. Stephens, Inc.
3. First Capital Resources
4. T. J. Raney, E. F. Hutton, Lasater and Company

During the presentation of Raney, Hutton and Lasater, they were questioned concerning the federal charges of fraud against the Hutton firm. Mr. Steve Claiborn, a senior vice president and manager of Hutton's Houston, Texas Public Finance Division, told the Commission that the practices which resulted in the charges occurred three years ago and were stopped immediately when discovered. He said steps had been taken to ensure that it would not occur. All banks involved received full restitution plus interest. It did not involve clients' money and the Public Finance Division was not involved. He stated that the company's reputation had not been [illegible] and sale of tax-free bond issues in which they had recently been involved. When questioned as to what the fines and restitution was for, Claiborn noted that the fines and penalties were $2.1 million and $8 million had been allotted for restitution payments, and this total is less than one percent of the company's $1 billion capital base.

After all proposals were presented, the Commission entered into a discussion of the proposals with representatives of all firms present.

Commissioner Johnny Hutchum had prepared a brief summary and comparison of the four proposals and distributed copies to the Commission. His conclusion was that they must accept the best concept or format rather than the costs outlined, and that Raney, Hutton, Lasater offered the best plan.

Some of the firms at this time requested permission to revise their proposals as they felt there had been some misunderstanding of the Act. However, the Commission opposed any further delay.

At this time, Commissioner Johnny Hutchum moved that Raney, Hutton and Lasater be approved to handle the financing for the Communications System. Commissioner Chester Hynes seconded the motion. Motion carried by a four to two vote, with Commissioners Hutchum, Hynes, Tennyson, and Rockefeller voting "aye" and Commissioners Raff and Washburn voting "no."

The Commission's selection will now be submitted to the Communications Study Committee and the Legislative Council.

Mr. Moseley was requested to write a letter expressing appreciation to all firms that submitted a proposal.

NEXT MEETING.

The regular Commission meeting scheduled for May 24, 1985 will not be held. The hearing for Trooper James Blueford has been cancelled.

The next regular meeting and a hearing for Trooper James Brownlee will be held on June 20, 1985.

ADJOURNMENT:

The meeting was adjourned at 4:15 p.m., May 10, 1985.

Bill Simpson, Chairman

Winthrop Paul Rockefeller, Secretary

Office of the Independent Counsel

1001 Pennsylvania Avenue, N.W.
Suite 490 North
Washington, D.C. 20004
(202) 514-8688
Fax (202) 514-8802

December 4, 1995

Robert J. Giuffra, Jr., Majority Chief Counsel
Neal E. Kravitz, Minority Counsel
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, D.C. 20510-6075

Dear Messrs. Giuffra and Kravitz:

On November 20, 1995, the Senate Special Committee provided this Office with an updated list of witnesses the Committee believes may have information material to its investigation and whom the Committee thus intends to depose. The Committee has asked this Office whether our investigation would be hindered or impeded if the Committee examines these witnesses at this time, whether by interview, deposition or at a public hearing.

As you remember, we previously reviewed four witness lists the Committee provided us in September and October 1995. Those lists identified over 120 potential witnesses, many of whom are again included in the Committee's November 20, 1995 list. Based on our earlier review, we informed the Committee by letter of October 20, 1995 that our investigations and prosecutions would be seriously hindered or impeded if the Committee examined in any forum the following nine individuals: Neal Ainley; Lisa Aumspaugh; Don Denton; David Hale; Larry Kuca; R. D. Randolph; Robert Palmer; Stephen Smith; and Greg Young. For the reasons set forth in our October 20, 1995 letter, we continue to have very strong concerns about any Committee examination of these nine individuals. Moreover, we wish to reiterate our view, as expressed in that letter, that hearings at this time, prior to the trial of United States v. James B. McDougal, et al., regarding Madison Guaranty Savings & Loan, Whitewater, or Capital Management Services, Inc. will hinder or impede our investigations and prosecutions.

Based on our review of the Committee's November 20, 1995 witness list, we have identified two additional witnesses, John Latham and Dean Paul, whose examination at this time would hinder or impede our investigation and prosecutions. It is anticipated that both Latham and Paul will be witnesses at the upcoming trial in January 1996. Our serious concerns with respect to these two witnesses -- as with the other witnesses identified above -- should be significantly reduced once the trial of United States v. James B. McDougal, et al., is completed. We do not have similar concerns with respect to the other witnesses named in either the November 20, 1995 list or your earlier lists.

We hope that the Committee will continue to accommodate our serious concerns about these eleven witnesses.* If you have any questions, please contact me at (202) 514-8688.

Sincerely,

John D. Bates
Deputy Independent Counsel

* In the November 20, 1995 letter, R. D. Randolph is inadvertently listed as witness #2 under "Madison Activities," although he is subsequently included among the witnesses the Committee is not pursuing at this time.

GIBSON, DUNN & CRUTCHER LLP

LAWYERS

A REGISTERED LIMITED LIABILITY PARTNERSHIP

INCLUDING PROFESSIONAL CORPORATIONS

1050 CONNECTICUT AVENUE, N.W.

WASHINGTON, D.C. 20036-5306

(202) 955-8500

TELEX: 197659 GIBTRASK WSH

FACSIMILE: (202) 467-0539

LOS ANGELES
333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071-3197

CENTURY CITY
2029 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067-3026

ORANGE COUNTY
4 PARK PLAZA
IRVINE, CALIFORNIA 92714-8557

SAN DIEGO
750 B STREET
SAN DIEGO, CALIFORNIA 92101-4609

SAN FRANCISCO
ONE MONTGOMERY STREET, TELESIS TOWER
SAN FRANCISCO, CALIFORNIA 94104-4505

DALLAS
1717 MAIN STREET
DALLAS, TEXAS 75201-7390

DENVER
1801 CALIFORNIA STREET
DENVER, COLORADO 80202-2641

JAS. A. GIBSON (1852-1923)
W. E. DUNN (1861-1929)
ALBERT CRUTCHER (1860-193)

NEW YORK
200 PARK AVENUE
NEW YORK, NEW YORK 10166-0193

PARIS
104 AVENUE RAYMOND POINCARÉ
75116 PARIS, FRANCE

LONDON
30/35 PALL MALL
LONDON SW1Y 5LP

HONG KONG
10TH FLOOR, TWO PACIFIC PLACE
88 QUEENSWAY
HONG KONG

AFFILIATED SAUDI ARABIA OFFICE
JARIR PLAZA, OLAYA STREET
P.O. BOX 15670
RIYADH 11454 SAUDI ARABIA

June 6, 1996

WRITER'S DIRECT DIAL NUMBER

(202) 955-8587

OUR FILE NUMBER

T 41261-00001

HAND DELIVERY

Senator Alfonse M. D'Amato, Chairman
Senator Paul Sarbanes, Ranking Member
Special Committee to Investigate Whitewater
Development Corporation and Related Matters
United States Senate
Washington, DC 20510-6075

Dear Senator D'Amato and Senator Sarbanes:

I have accepted service of subpoenas from the Special Committee directing our client, David Hale, to appear for deposition on June 7, 1996 and testimony on June 12, 1996.

I have advised the Committee orally and now confirm in writing that Mr. Hale will claim the protection of his Constitutional privilege under the Fifth Amendment to the Constitution of the United States and respectfully decline to testify at deposition and at a public hearing if he is compelled to appear in response to the subpoenas.

In the absence of a court order to testify and a grant of immunity as provided by Federal law, any testimony by Mr. Hale regarding any matters before the Special Committee may be used against him in some fashion in connection with an announced criminal prosecution of Mr. Hale in Arkansas and any other state or federal prosecution.

I request that the Special Committee afford Mr. Hale the courtesy that other potential witnesses before Congressional committees are accorded routinely of recognizing his intention of claiming his Constitutional privilege and excuse him from the embarrassment and adverse public inferences that will be associated with having to appear in person for the sole purpose of stating his privilege claim.

Very truly yours,

John A. Mintz

JAM/jtf

cc: David Hale

WL961580.011/1+

Q. Can you tell us when you first met Jim McDougal?
A. I met Jim McDougal when I entered the University of Arkansas in 1959 in Fayetteville.
Q. How did you meet him?
A. We were both real active in the Young Democrats and also we were members of the same fraternity.
Q. When you say active in the Young Democrats, what was the Young Democrats?
A. The Young Democrats organization is just the Democratic Party -- youth of the Democratic party. However, if I remember correctly, at that time the age limit went up to like 40. Now like 40 or under are Young Democrats. I'm not sure; it might have been 35, but it was something like that.
Q. When had you become active in the Young Democrats?
A. I had become active during my last year in high school and then when I went to the University my brother was state president of the Arkansas Young Democrats and he was also -- he was a law student at the University when I went to the University as a freshman.
Q. What involvement did Mr. McDougal have in the Young Democrats?
A. He was just very active like I was. We were interested in politics. We were interested in the Democratic Party and we tried to organize young democrats, get young people involved in the political arena, get them interested in politics, get them

A. Yes, sir.
Q. All right. Any other way you could pin down as far as a time frame as to when this conversation took place?
A. Sometime in January, February, sometime along -- no, hold it. It was -- yeah, it was probably early January.
Q. Early January?
A. Early January or February, sometime in that period. It was before the consummation of the Dean Paul loan.
Q. All right. And did you have an occasion then to travel to Castle Grande?
A. Yes, I did.
Q. Can you tell the jury the circumstances under which you traveled to Castle Grande?
A. I received a call from Jim McDougal to meet he and Governor Clinton at the Castle Grande office after work on -- to talk about getting their loan ready and consummated, and we met at the Castle Grande office, in Jim's office.
Q. Can you stop for a second. Do you remember the time of the day that it was?
A. It was dark. I don't remember what time of day it was.
Q. Do you remember what the weather was like or anything?
A. Pretty chilly.
Q. Was anyone else present?
A. I did not see anybody. I don't know whether --
Q. Well, when you arrived, did you notice any cars in the

MR. JAHN: Yes, Your Honor.

THE COURT: So it survives a hearsay objection if that's the purpose. Now, you are entitled to a cautionary instruction. The Court will give it if you want it.

MR. McDANIEL: Please, Your Honor.

THE COURT: All right. Ladies and gentlemen of the jury, once again, you are receiving a cautionary instruction from the Court. Mr. Hale is about to testify to a course of action that he took, and it's being received not to prove the truth of the matter asserted but for state of mind purposes only. In other words, whether true or false, he relied on a comment or an inquiry by auditors and probably a third person. It's not being received to prove the truth asserted by these statements, but whether true or false, he relied on these comments and took a course of action. Go ahead.

MR. JAHN: Thank you, Your Honor.

BY MR. JAHN:

Q. What did you tell Mr. Files?

A. I talked to him about the auditors and that I needed to -- they were real concerned about this loan and that I knew that Jim and Susan couldn't afford to pay it at that time, and if we could get a judgment, I could put that in there and that might satisfy them for awhile, and Jim and

A. Well, he said that he needed me to come by his office and he needed to visit with me.

Q. And did you do that?

A. Yes, I did.

Q. Are we talking about immediately or was there still a time constraint as far as this appraisal?

A. Yes. I went almost immediately to his office. It was -- it was pretty quick.

Q. All right. And once you arrived at his office, what happened?

A. Well, Bill basically said that they really needed the higher figure on the property, and that he was doing this, he was requesting the appraisal for David Hale because David didn't have time to take care of it and that Bill was handling the details of the transaction for David and that David was doing a favor for Jim McDougal.

And I said, "Well, Bill, there's only one way I know of to get the value up that high, and that's if we use an inflated value or a higher market value on the lease".

And he said, "Well, Robert", you know, "do whatever you have to do". He said, you know, "Don't worry about any repercussions. Everybody knows about the deal, Jim and David and myself". He said, "And this goes all the way", you know, "to the top".

Q. Was that your recollection as far as the precise words

A. That was used to fund -- that money was deposited in the Tucker Smith McDougal account, and that was used to cover two checks from that account that were made payable to Citizens Bank of Marshall. That was the bank that had held a loan that was made payable to Tucker, Smith, Baldridge and McDougal and that was for the purpose of timberlands back in -- the loan was issued back in April of 1980.

Q. What was the second loan payment that you traced?

A. This was government's exhibit 533V. It's a check to Whitewater Development in the amount of $24,455.06. On the memo section it reflects it was for a loan.

Q. And do you know what this loan was for?

A. This loan was -- these funds were deposited in Whitewater's account at Madison and it was used to cover a Whitewater check number 134 dated March 22, 1985. That check, Whitewater's check, was made payable to Ozark Realty for $25,000.

Q. What was the next loan payment, Agent Patkus, that you traced?

A. The next one is government's exhibit 533AB. It was a check to First Commercial Bank in the amount of $53,53.41, and in the memo section it said pay off commercial loan.

Q. What was this loan for, Agent Patkus?

A. This was a loan that First Commercial Bank issued to

3 9999 05577 699 9

A. Yes.
Q. Did you tell Mr. Hale you were going to have a meeting on Saturday morning with Mr. Clinton?
A. No, sir.
Q. You say no or you don't know?
A. It would be better to say I don't know. It's not likely that I did.
Q. That meeting occurred, I believe for the record, there's a notation in the upper right-hand corner that that would have been January the -- Saturday, January the 18th at the mansion. Is that what the record shows, sir, as far as Government's Exhibit 81?
A. Yes, sir.
Q. Okay. And that would have been 1986. Sir, the Governor's -- Governor Clinton's records show that you also called him on January the 24th, 1986, which would have been the following Friday after that particular visit. Do you recall what you called the Governor about on the following Friday?
A. No, sir.
Q. Okay. Government's Exhibit 11-L reflects a call slip to you on February 3 from Governor Clinton with a notation, "At office in hour, 10:30."
Do you see that, sir?
A. Yes.
Q. Do you know what Governor Clinton was calling you about on

ISBN 0-16-055601-5

